YEARBOOK OF FOOD AND AGRICULTURAL STATISTICS - 1953

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Part I provides basic statistics on world agricultural production. It gives authoritative information on land use, agricultural population crops, livestock numbers and products, food supplies and their utilization and on commercial fertilizers, pesticides, and agricultural machinery It also includes the more important series of agricultural commodity prices in many countries as well as index numbers of prices received and paid by farmers and of agricultural production

PART II - TRADE

The second part is a basic reference work on world trade in agricultural products and gives statistics of the imports and exports of the major agricultural commodities. It includes regions and world totals, computed from official and unofficial information. For some major commodities data are given by trade season as well as by calendar year

This two-volume yearbook is a valuable reference work for importers, exporters and commercial houses, as well as official bodies concerned with food and agriculture. It is available from any bookseller or from any of the FAO sales agents listed on the back cover of this publication.

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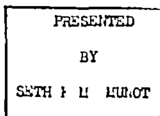
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THE STATE OF FOOD AND AGRICULTURE 1954

REVIEW AND OUTLOOK

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
ROME, ITALY

AUGUST 1954

NOTE

The statistical material in this publication has been prepared from such information as has been available to FAO not later than 15 July 1954

TABLE OF CONTENTS

Figures

FOREWORD

The year 1953 marked a turning point in the postwar food and agricultural situation. With the abundant harvests of 1952/53 world production for the first time since the war caught up with the growth of world population. But the expansion of production was unevenly distributed, and in 1953 heavy surpluses of certain commodities accumulated in some countries, though there was little improvement in the diet of millions of inadequately fed people over large areas of the world. This was the situation which faced the representatives of Member Governments at the Seventh Session of the FAO Conference which met in Rome in November 1953

The Conference set itself two main problems in this field first how the surplus stocks which had already accumulated could best be disposed of without disorganizing world agricultural production and trade, and second, what should be done to ensure that world production would continue to expand in line with rapidly growing world requirements without adding to existing or creating new surpluses. Both problems are closely inter-related and neither is of a character which permits of a quick or easy solution Nevertheless progress has been made.

To assist in dealing with the first problem the Conference made recommendations which have now led to the setting up in Washington of a standing Sub-Committee of the FAO Committee on Commodity Problems in order to provide a regular forum for inter-governmental consultations on agricultural surpluses and surplus disposal. Here the problem can be kept under continuous review and any cases of hardship resulting from surplus disposal operations brought up for examination.

On the second problem, the Conference recognized that the time had passed when food production must be increased by all possible means in order to overcome the persistent postwar shortages and emphasized that from now on further expansion should be closely geared to market demand, without however losing sight of nutritional requirements. It therefore recommended that all governments should review their food and agricultural policies in the light of the new circumstances. It recommended also that FAO should provide facilities for periodic international consultations on a regional as well as on a world basis to enable governments to co-ordinate their policies as closely as possible with full knowledge of what was being planned in other parts of the world. This too is being done

The present report reviews the more recent developments in the world food and agricultural situation and also the immediate outlook. In 1953/54 world production continued to expand. Surpluses, especially of wheat, became more burdensome in some areas, and in these areas farm prices and farm incomes tended to decline. In other parts of the world, however supplies were not excessive and efforts to expand production were continued and in some cases intensified. The outlook for 1954/55 suggests no essential change in this situation, which is summarized in Chapter I of the report and reviewed more fully on a world basis in Chapter II

Many governments are now beginning to reshape their agricultural policies to the new circumstances. But as the situation is not the same in all parts of the world there are considerable differences in the policies being adopted. The third chapter of the report is therefore devoted to a review of the main problems arising in each region of the world and of the steps which are being taken to meet them

Finally the fourth chapter examines the present situation and outlook for each major agricultural commodity Here too the situation varies widely and the facts presented emphasize again the need for a careful commodity balance in plans and policies for agricultural production and marketing

The over-all survey brings out some encouraging developments, and others which are less satisfactory On the credit side may be counted the growing awareness of governments of the nature and importance of food and agricultural problems, and of the fact that the problems of one country cannot be considered in isolation from those of its neighbors. On the other hand, much scope remains for closer co-operation between countries. In framing national policies full account is all too seldom taken of conditions in other countries. There is often a tendency to look to the export market for the solution of surplus problems, even of a marginal nature, and to overlook to some extent the potentialities of the domestic market and the needs of the domestic consumer

Although the problems dealt with in this report are mainly of a fairly short-term character affecting the outlook for the next few years, I would emphasize that FAO s responsibilities also extend further ahead. It should be repeated that the present situation is not merely one of over production and surplus. Over large areas of the world agricultural production is still well below its prewar level in relation to population. Fully half the world s people are still inadequately housed, clothed and nourished. With the spread of industrialization and knowledge the demand for better standards of living is increasing and gradually becoming economically effective This, together with the unprecedented growth of the world s population with the wider application of medical science, means that acute shortages could quickly re-appear if there were any halt in the steady expansion of world agriculture. There is no sign of any slackening in the growth of human requirements, and to meet them is essentially not a short-term but a continuing problem If we fail in its solution the social consequences would be serious indeed.

As I see it therefore, FAO s task is both to assist governments in dealing with the present food and agricultural situation, and also to endeavor to ensure that the world s agricultural resources, which are limited and not expendable, are safeguarded and improved to meet the ever-growing needs of future generations. In agriculture, present and future problems cannot be divorced, and in thinking and planning for today we must also think and plan for tomorrow

P V CARDON
Director General

Chapter I

SUMMARY

unchanged in recent years at almost exactly its 1934 38 level. In 1953 there was a marked fall in the trade in cereals, due mainly to good harvests and smaller import requirements in Western Europe and the Far East But this fall was offset by larger shipments of sugar vegetable oils, fruit, tobacco and coffee

Surpluses

Excess stocks of some commodities continued to accumulate in 1953/54 particularly in North America, where the value of holdings of the United States Commodity Credit Corporation s stocks of agricultural products rose from $3 060 millions in March 1953 to $6,229 millions in March 1954 Cereals accounted for about 60 percent, and wheat alone for about 35 percent of the 1954 total.

Wheat represents the crux of the surplus problem. Stocks of wheat held by the four main exporting countries (United States, Canada, Australia and Argentina) increased by some 12 million tons (33 percent) during 1953/54 and now represent about 2½ times their current annual level of exports. The carry-over at the end of 1954/55 is likely to show a further increase, though less than in 1953/54

For other cereals the surplus problem is less acute. Although stocks of coarse grain increased in 1953/54 and may increase further next year they do not appear unmanageable, particularly in view of growing pig numbers. Stocks of rice which accumulated in Far Eastern exporting countries are now moving more freely at lower prices.

Stocks of sugar are also very heavy but restrictions on production in Cuba and the export quotas under the International Sugar Agreement may gradually correct the position. Outside the United States, the surplus problem appears for the time being to be easing for most other commodities. Increasing efforts to dispose of the surpluses may however press down international prices, particularly in view of the new United States policy of selling many products at world market prices, which means that domestic price supports will no longer act as a support to international prices.

Demand and Consumption

In general the demand for agricultural products in 1953/54 was well maintained. The decline in economic activity in North America did not reduce retail food sales, and in most other regions economic conditions tended to stimulate demand. Nevertheless, the growth of surplus stocks is in itself evidence that the growth of consumption did not fully keep pace with increasing production.

A primary cause seems to be the slow and limited response of retail price levels to falls in farm and wholesale prices. It appears that the continued growth of agricultural production and of consumption levels will depend to a substantial extent on the possibility of reducing retail prices by more efficient methods of production and marketing A recent survey shows that in many countries production and distribution costs (including transport and processing) each account for roughly half the final cost of food to the consumer

Prices of Agricultural Products

In general, farm prices of some though not all foodstuffs tended to fall in 1953/54 Prices of most agricultural raw materials, including forest products, were much steadier and in some cases showed some recovery after the sharp falls in 1952. In the beverage group prices of coffee and cocoa rose sharply as a result of shorter supplies, with repercussions on the price of tea.

The most striking fall in 1953/54 occurred in the international prices of cereals, though price support schemes largely prevented any comparable decline on domestic markets. Lack of storage space has intensified the pressure to sell in several exporting countries, and for the first time sales under the Wheat Agreement fell below the maximum price level. Moreover as a result of the easier dollar situation in Western Europe price premiums on exports from soft currency areas virtually disappeared. The prices of cereal exports from the United States and a number of exporting countries in Europe, Latin America and the Near East are now much lower than prices to producers in these countries, and in some cases are heavily subsidized.

Subsidies on exports have also been adopted by various countries for butter cheese meat, linseed oil, dried beans and sugar

The trend of agricultural prices, and even of food prices, has not, however been universally downward. For example a comprehensive international price index such as that of food imports into OEEC countries showed little change from 1952 throughout 1953 and rose sharply in the first quarter of 1954, while the United Kingdom index of imported foodstuffs fell by only two percent from the first quarter of 1953 to the first quarter of 1954

Farm Prices and Farm Incomes

While farm price indices have fallen appreciably in North America they have been considerably more stable in Western Europe and in some countries in other regions, including the Far East still show a rising trend.

Farm prices would, of course, have fallen more steeply but for the operation of price support policies in many countries and the sudden increase in the cost of such policies is causing concern to governments, taxpayers and producers. More and more governments are tending to reduce the support level, to limit their financial liabilities, or to adopt less rigid price support policies.

The ratio of prices received by farmers to prices paid for production requisites has moved to the disadvantage of farmers in nearly all countries in the past few years. In consequence farm incomes have fallen sharply in North America, but they have been more stable in Western Europe mainly because of the rapid rise in the volume of production. In Oceania farm incomes have fluctuated widely in the last few years. Data are lacking for other regions.

Estimates based on United Nations data of national income suggest that in few countries are per caput incomes in agriculture comparable with those in other occupations.

In most countries per caput farm incomes are of the order of two-thirds to one-half (sometimes less) of earnings in other sectors of the economy Although farm incomes are nearly everywhere relatively higher in comparison with other occupations than in 1938 when the effects of the depression of the thirties were still considerable in many countries much of the gains of the early postwar years has since been lost

Investment in Agriculture

Agricultural development is still retarded by lack of investment funds, and while efforts have been made to increase the flow of international investment, the share directly devoted to agriculture declined in 1953/54 A recent FAO survey brings out the very wide disparities between different countries in the adequacy of the supply of farm credit from banks, co-operatives and other institutional sources.

Demand Outlook

A review of current economic trends suggests a slow improvement in demand for agricultural products in 1954/55 though, unless special measures are taken this is unlikely to reduce to any extent the existing problem of agricultural surpluses This emphasizes the need for carefully planned and selective expansion of future agricultural production closely adjusted to market conditions

Looking further ahead the year 1955/56 seems likely to see a continued expansion in the demand for agricultural products. World supplies of grain and most other foodstuffs will continue to be relatively abundant and to that extent food importing countries should enjoy favorable terms of trade Prices of coffee should remain firm and prices of most agricultural raw materials (including forest products) seem to be tending upwards after the post Korean collapse a tendency which would be strengthened by a revival of economic activity in the United States. Market prospects for exporters of the latter commodities, mainly in the less developed regions, therefore seem likely to improve

These relatively favorable developments however might be frustrated unless there is (i) an effective re-adjustment of the expanded North American agricultural production to reduced international needs, and (ii) a gradual working down of accumulated surpluses without severe pressure on world price levels. Present policies in North America are working towards these ends though both and particularly the second, will be difficult of achievement

REGIONAL PROBLEMS AND POLICIES

Western Europe

Agricultural production in Western Europe in 1953/54 was greater than ever before, the crops of sugar beet and grains being exceptionally heavy Weather conditions were favorable but improved methods also contributed substantially to the higher yields

The progress in production coincided with a revival in economic activity in other sectors. Supplies were adequate to meet the rising demand and for some products imports from outside Europe were reduced The general level of intra European trade in agricultural products increased, though some countries experienced difficulties in disposing of unaccustomed surpluses. A substantial part of Western Europe s butter exports was taken up for the first time by the U.S.S.R

As agricultural production is expected to continue to expand mainly as the cumulative effect of the improved methods and more efficient equipment which have come into use in recent

the population. Any significant expansion of consumption will also require a considerable development of marketing and distribution facilities.

Apart from the persistence in many parts of the Near East of unsatisfactory conditions in the social structure of agriculture, lack of investment capital (except in oil exporting countries) tends to limit the scope of government activities in agricultural and other economic development this difficulty has been accentuated by rather widespread declines in foreign exchange receipts from food and agricultural exports

Recent agricultural policy adjustments are on the whole limited to measures intended to lessen the impact of fluctuations in export demand.

Africa

In Africa surpluses of agricultural produce are at present only of local significance, though the effects of surpluses in other parts of the world have already been sharply felt in some territories For example the fall in cotton prices reduced Uganda s favorable balance of trade to one-third of its 1952 level while during 1953 the Nigeria Oil Palm Produce Marketing Board had for the first time to draw on its accumulated funds to meet guaranteed prices, which, however will be somewhat lower in 1954. But the basic problems of African agricultural development remain as before and are only accentuated by the present world situation. Some of the more precariously based economies must be diversified, internal markets must be developed, transport systems improved and the dietary levels of the rapidly increasing population must be raised.

COMMODITY REVIEW AND OUTLOOK

Wheat

World wheat exports declined further to 22 million tons in 1953/54, a fall of 16 percent from 1952/53 owing to improved domestic crops in a number of importing countries. Stocks held by the major exporters on 1 July are expected to amount to 49 million tons (15 million tons more than a year earlier) of which over 80 percent is held in North America. Acreage restrictions in the United States and smaller sowings in Canada will reduce production in 1954/55 but output may still be greater than the current level of domestic requirements and exports, and some further increase in stocks may occur in the coming year Although production in importing countries, particularly Europe, may not prove as large as in 1953/54 there may be only a moderate increase in import requirements. Export prices declined generally in 1953/54 and by the end of the season most sales both within and outside the International Wheat Agreement were being made at identical prices somewhat below the midpoint of the IWA range

Coarse Grains

Exports of coarse grains in 1953/54 were the same as in the previous year and carry-over stocks at the end of the year were larger than at the opening Shipments to Europe where larger although European production increased over 1952/53. Export prices declined during the year United States supplies in 1954/55 may be at least as large as in 1953/54 despite acreage restrictions on maize and exportable supplies of maize in Argentina will be somewhat larger owing to another increase in the crop Total supplies of coarse grains, are ample to meet likely import requirements and are tending to increase.

Rice

Significantly more rice was harvested in 1953/54 than in any previous year Two successive good harvests have greatly altered the supply position, but most exporters were reluctant to adjust their prices accordingly Two main importers showed less willingness to buy and world trade contracted sharply in 1953 Stocks began to accumulate in some areas and towards the end of 1953 export prices started to decline World trade in rice will probably recover in 1954 from the low levels of 1953 owing largely to a rise in Japan s imports following a poor crop and to a large Indian purchase from Burma, facilitated by a comprehensive financial settlement between these two countries. This recovery however may prove to be a temporary one unless price relationships alter to make rice more attractive to buyers.

Sugar

World production of centrifugal sugar rose in 1953 by nine percent notwithstanding further severe restriction on Cuban production. Exceptionally high yields were obtained by European beet producing countries. More significant still was the rise in production in many importing coun-

tries and in the British Commonwealth exporting countries representing the culmination of postwar expansion and development programs. Although 1954 production will probably be lower the trend towards higher production will continue in many deficit countries and in territories which produce for protected markets International trade in sugar will be substantially lower than in 1953 in spite of the derationing of sugar in the United Kingdom and the emergence of India as a major importer Nevertheless a collapse of sugar prices has been prevented by the negotiation of an International Sugar Agreement which came into operation at the end of 1953 and by the control measures adopted by the Cuban Government

Livestock Products

Production of meat milk and eggs increased substantially during 1953 and trade in livestock products was also larger The U.S.S.R purchased substantial quantities of butter and meat in world markets Because of abundant supplies prices declined in many countries of the Northern Hemisphere and the increases of prices for livestock products from Oceania were less than in previous years. In the United States large quantities of dairy produce were acquired by the government under the price support program, and stocks were at record levels

Provided weather conditions are normal prospects point to a further expansion of production Because of very favorable pig/grain price ratios pig meat production in North America will increase in 1954/55 Milk production, due to growing yields per cow and larger dairy herds, may also continue to expand, though the major part of the increases will be used for manufactures. In the United States where the price support level was reduced, production is still expanding and it is estimated that government purchases of dairy produce will also be large in the current support year

Meat exports during 1954 may remain at the level reached in the past year as no great changes are expected in the exportable supplies of the main exporting countries. Future developments in the butter trade will depend largely on the demand in the United Kingdom after the end of rationing and on the continuation of purchases by the U.S.S.R

While prices of meat animals may be more stable than in the past year prices of dairy produce may tend to be weaker partly due to the presence of the surplus stocks in the United States.

Fisheries Products

The 1953 world catch of fish is estimated to have approximated to the 1952 figure A small decline in the total output of the major producers was counterbalanced by increases among medium and small producing countries There was a continuation in 1953 of the trend in some countries away from salted fish production in favor of fresh and frozen fillets In countries whose catches of herring sardines and anchovies have shown sharp increases in postwar years the increased output is being used mainly for meal oil and canned products.

The United States salmon catch in 1953 was lower than that of the previous year but in Canada the large British Columbian catch was responsible for a considerably increased pack of canned salmon.

There was a reduction in the United States output of tuna which resulted in record imports of tuna for canning, particularly from Japan

Fats, Oils and Oilseeds

There was a moderate decline in world production of fats and oils in 1953 largely owing to a sharp off-season fall in the Mediterranean output of olive oil. World exports rose about five percent reflecting substantially increased shipments from the United States and Africa European import demand recovered from its low 1952 level and the general level of international prices of fats and oils was somewhat higher The price of linseed oil was an outstanding exception and continued its downward trend, mainly as a result of heavy export sales from Argentina and from United States government stocks

Production and export supplies are larger in 1954 than in 1953 In West Africa production and exports have materially increased and the United States and Argentine governments have continued to sell large quantities for export Most prices on the international markets declined moderately in the first half of 1954 and the outlook is for a continued downward trend in the latter half of 1954 and early 1955

Fresh Fruit

Production of the main fruits, except apples and pears, increased further in 1953 and few other crops have shown such rapid and continuous expansion. Trade also expanded further and European imports, mainly of bananas and citrus fruits,

soft currencies are expected to increase North American exports in 1954/55 and world trade in 1954 is likely to be larger

Cotton

World stocks at the end of the 1953/54 season are estimated at nearly eight months consumption at current rates Large stocks accumulated during the year in the United States where in spite of acreage reductions, exceptional yields resulted in a crop seven percent greater than in 1952/53 Except in the United States, stocks were by no means excessive. Crops had been generally reduced in other major exporting countries, while the increased production of India, the U.S.S.R and China was expected to be absorbed locally

United States prices have been supported since the beginning of 1953 and remained fairly stable With the United States decision to limit cotton production in 1954/55 however the entire structure of cotton prices has tended to move upwards

On average yields, a total United States crop of 11.5 million bales (30 percent less than in 1953/54) would be expected from the reduced area. World consumption is likely to be maintained in 1954/55 and even allowing for possible increases in production in other exporting countries, some reduction in world stocks is in prospect. World trade has recently expanded under the influence of rising prices, but may level off as stocks in importing countries become replenished.

Wool

World consumption in 1953 was only three percent below the record 1950 level, due to a recovery in the European industry and further expansion in Japan. There was no corresponding recovery in the United States Towards the end of the year consumption generally levelled off and activity declined somewhat in the last few months Wool production in 1953/54 was maintained at the record level of the previous season but total supplies have been smaller as there was no more than the normal carry-over in exporting countries The reduced rate of mill operations has consequently not resulted in any significant weakness in the market. Merino prices have only dropped slightly and crossbred prices have remained firm possibly under the influence of the slow rate of shipment from South America.

Jute

Including the Pakistan Jute Board's stocks which were liquidated in the course of the season, the total supply of jute in 1953/54 was nine million bales. This appears to have been adequate for current requirements, as international prices have not advanced to a great extent, though there has been a substantial recovery in prices to producers

Activity in the jute manufacturing industry has been satisfactory In Calcutta, an increase in hessian output compensated for a decline in the production of sacking and there has been a recovery in European mill operations In the United States the rate of hessian consumption has been maintained, and there has been an increased use of jute goods in the United Kingdom.

Prospects for the 1954/55 season are very uncertain Although the price of raw jute favors an increased cultivation, it is reported that the Pakistan Government has again decided on a very restricted acreage The condition of the crop is good, though the harvest is expected to be later than usual As stocks have been substantially reduced a further advance in raw jute prices may be expected if jute mill activity and the demand for jute goods are maintained.

Hard Fibers

Production declined in 1953 for the first time since the war although only by seven percent The decline was practically confined to Latin America. The offtake, including strategic stockpile purchases, was not far out of line with output, so that prices were firmer than in the preceding year There are, however still considerable unsold stocks of henequen in Mexico and of sisal in French Africa, but government stocks of sisal in Brazil have been virtually cleared

Although consumption was heavy North America greatly reduced its purchases of hard fibers European and Japanese purchases, on the other hand recovered.

Commercial demand is expected to improve although purchases for the stockpile are likely to be reduced At the same time the production of all hard fibers is expected to decline further

Rubber

Production in all major producing countries again declined in 1953, mainly on small holdings. At the same time consumption recovered there-

increased about 20 percent. Further progress has been achieved in liberalizing imports and trade is expected to continue its upward trend in 1953/54

Dried Vine Fruit and Wine

World production of raisins and currants in 1953 remained at about the 1952 level as a substantial reduction in the United States pack was offset by a larger output in Australia, Turkey and Iran. World trade expanded slightly though the United States and Turkey exported less. United States subsidies have been extended to exports, and since the opening of the 1953/54 season, Turkey has also paid export subsidies The United Kingdom discontinued bulk purchasing of dried vine fruit in December 1953 Contrary to the increase in fresh fruit consumption the consumption of dried fruit is lower than before the war

Surpluses of common wines have occurred in recent years in some of the major producing countries and the French and Spanish surpluses increased during 1953/54 Italy has no longer any surplus and consumption has regained its prewar level.

Coffee

Although slightly higher than in the previous year world coffee production in 1953 was still below the prewar average Rising demand, mainly from Europe and the United States, combined with depleted stocks and prospects for reduced Brazilian supplies in 1954 (as well as some short term factors) stimulated a great rise in prices. In May 1954 prices were 50 percent higher than a year earlier

Indications are that production is likely to rise in 1954 in Africa and in most Latin American countries other than Brazil. Whether these increases will compensate for the frost damage in Brazil remains problematical. Unless consumer resistance to high prices becomes more effective no substantial weakening of prices can be anticipated for the current year

Tea

With world output stable at around 590 000 metric tons and generally improving demand tea prices recovered substantially during 1953 and the first half of 1954 from the 1952 depression. Especially important was the rise in United Kingdom consumption, which accounts for about half of the total quantity entering international trade, after the derationing of both tea and sugar Consumption rose also in Continental Europe and in the United States The tea industry will be able to adapt itself to the increased world demand and production will probably rise in 1954

Cocoa

Cocoa prices in 1954 reached the highest peak in more than half a century In May wholesale prices were about 60 percent higher than at the beginning of the crop year Prices began to advance when it became evident that world production would be lower than in the previous year due almost entirely to a sharp decline in the Gold Coast and Nigerian output The most significant development was a strong rise in European consumption. Demand in Europe especially Western Germany and the United Kingdom, reached unprecedented levels. Due to the normal time lag, the full effects of the higher prices of cocoa beans have not yet been felt on the retail market In the United States the price increases severely affected demand, and the postwar downward trend of per caput consumption continued notwithstanding the high national income The search for substitutes and ways to economize the use of cocoa has been intensified. The outcome of the 1954 crop will give some indication whether the 1953 production in Africa was a normal cyclical movement or the beginning of a long term trend of declining production.

Tobacco

In 1953 world production of tobacco slightly exceeded that of 1952, the reduced output in the United States being more than matched by a remarkable increase in production of the Oriental type of cigarette tobacco. World trade increased over the low level of 1952 By the end of the year the increase in the United States stocks was modest Some increase in stocks of Oriental tobacco may be expected in 1954 though Oriental tobacco seems to be gradually regaining an important place in European consumption. Stocks of leaf tobacco in most importing countries are still substantially below the desirable level. On the whole tobacco prices increased slightly in 1953/54 Consumption is increasing in nearly all countries, and demand is strong The improved balance of payments situation in Europe and United States sales of tobacco against payment in

soft currencies are expected to increase North American exports in 1954/55 and world trade in 1954 is likely to be larger

Cotton

World stocks at the end of the 1953/54 season are estimated at nearly eight months consumption at current rates Large stocks accumulated during the year in the United States, where in spite of acreage reductions, exceptional yields resulted in a crop seven percent greater than in 1952/53 Except in the United States, stocks were by no means excessive Crops had been generally reduced in other major exporting countries, while the increased production of India the U.S.S.R. and China was expected to be absorbed locally

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On average yields, a total United States crop of 11.5 million bales (30 percent less than in 1953/54) would be expected from the reduced area. World consumption is likely to be maintained in 1954/55 and even allowing for possible increases in production in other exporting countries, some reduction in world stocks is in prospect. World trade has recently expanded under the influence of rising prices, but may level off as stocks in importing countries become replenished.

Wool

World consumption in 1953 was only three percent below the record 1950 level due to a recovery in the European industry and further expansion in Japan. There was no corresponding recovery in the United States. Towards the end of the year consumption generally levelled off and activity declined somewhat in the last few months. Wool production in 1953/54 was maintained at the record level of the previous season but total supplies have been smaller as there was no more than the normal carry-over in exporting countries The reduced rate of mill operations has consequently not resulted in any significant weakness in the market. Merino prices have only dropped slightly and crossbred prices have remained firm, possibly under the influence of the slow rate of shipment from South America

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Hard Fibers

Production declined in 1953 for the first time since the war although only by seven percent The decline was practically confined to Latin America. The offtake including strategic stockpile purchases, was not far out of line with output, so that prices were firmer than in the preceding year There are, however still considerable unsold stocks of henequen in Mexico and of sisal in French Africa, but government stocks of sisal in Brazil have been virtually cleared

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Commercial demand is expected to improve although purchases for the stockpile are likely to be reduced. At the same time the production of all hard fibers is expected to decline further

Rubber

Production in all major *producing countries* again declined in 1953 mainly on small holdings. At the same time, consumption recovered there-

by reducing considerably the gap between current production and consumption Most of the excess production over commercial requirements appears again to have been taken up by government stockpiles, which in the United States have now practically reached the size originally scheduled.

In 1954 the excess of production is expected almost to disappear natural rubber output declining further while consumption expands, capturing a larger share of the total natural/synthetic rubber market

Farm Machinery

The increase in the number of tractors used in Far Eastern and Near Eastern countries has been mainly limited to a few countries, and most of them are tending to consolidate recent expansion by increased attention to servicing and training of operators More attention is also being given to the introduction of improved hand tools and animal drawn equipment The use of farm machinery continues to expand rapidly in Latin America and in 1953 Argentina and Brazil themselves began to produce tractors. Developments to improve servicing facilities and to make machinery available to larger groups of farmers have been slow and limited to a few countries. Farm machinery pools, however have recently been established or enlarged in Brazil, Chile, Peru and Guatemala.

Forest Products

In 1953 the production of roundwood was greater than in 1952, and new records were established for the production of sawn wood and most manufactured forest products. The volume of trade was also higher than in 1952 though it continued to decline in value. Roundwood was an exception and there was a sharp fall of over 40 percent in world trade mainly because of smaller imports of pitprops and pulpwood by the United States and Western European countries following heavy stockpiling in 1951 and 1952. The future consumption of sawn wood is threatened by the increasing use of substitutes encouraged by recent high prices. The consumption of most other forest products is expanding rapidly

Chapter II

WORLD REVIEW AND OUTLOOK

as much as three percent Merely to keep pace with the resulting increase in food requirements is a challenge to agriculture to do so and at the same time to improve nutritional standards a still greater challenge Although there are no technical reasons why the challenge cannot be met there are formidable problems of econom ic organization and investment to be overcome. The growth of population means, however that in a few years the present level of agricultural production will be quite insufficient for the world s needs and the rapid growth of requirements should in itself ease the problem of production adjustment.

Because of the accelerating growth of world requirements there can be in the long run, no slowing down of agricultural development in the world as a whole. On the contrary it seems important not to lose the recent increased momen tum of expansion. But it is equally important that further expansion should be balanced and selective both between commodities and be tween countries in order to facilitate the disposal of existing surpluses and to prevent their recur rence

THE SUPPLY SITUATION

Agricultural Production

The marked upward trend of agricultural pro- duction continued in 1953/54 though there was no repetition of the remarkable spurt in 1952/53 when the world output (excluding the U.S.S.R. China and Eastern Europe) rose by over five percent largely because of favorable weather In the years since the period 1948/49 1950/51 agricultural production has increased by nearly three percent annually compared with an annual increase in population of about one and a half percent. Per caput production slightly exceed ed its prewar level in 1952/53 and maintained that position in 1953/54

Production in 1953/54 increased sharply in Western Europe and in the Near East in compar ison with the year before The Far East and Oceania showed smaller gains but elsewhere there was little change from the 1952/53 level (Table 1) Western Europe and the Near East have also shown the greatest expansion in the last four years with an average annual increase of the order of four to five percent compared with about two percent in other regions.

Developments in 1953/54 reduced to only a limited extent the disparities in production which emerged during and since the war On a per caput basis both total agricultural production and food production remain appreciably less than before the war in the Far East Oceania and Latin America, but they are somewhat greater in Africa Western Europe and the Near East and sub- stantially greater in North America (Table 2) Nor was there any appreciable change in the still greater disparities between regions in the absolute levels of per caput production which

TABLE 1 INDEX NUMBERS OF VOLUME OF TOTAL AGRICULTURAL PRODUCTION AND AVERAGE ANNUAL INCREASE IN COMPARISON WITH THE GROWTH OF POPULATION

Region	1948 49 1950 51 average postwar base[2]	1951 52	1952 53	1953 54 (preliminary)	Average annual increase postwar base period to 1953/54: Production	Population
	1934 38 average = 100				*Percent*	
Western Europe	103	114	114	121	4 1	0 8
North America	135	136	148	147	2 2	1.8
Latin America	123	120	132	132	1 8	2 4
Oceania	112	108	121	123	2 4	2 6
Far East (excl. China)	90	101	106	108	2 2	1 4
Near East	116	125	134	139	4 8	1 9
Africa	124	134	136	137	2 3	1 6
All above regions	114	118	125	127	2 8	1 5
World[3]	108	113	117	119	2.5	[4]

[1] The crop years included in this and other tables in the report cover Northern Hemisphere crops harvested in the first of the years named and Southern Hemisphere crops harvested toward the end of that year and the beginning of the succeeding year

[2] The average of the three years 1948 49 to 1950 51 has been taken as a postwar base as in most parts of the world the first phase of postwar adjustment and reconstruction had been completed by 1948 49

[3] Including estimates for the U S S R Eastern Europe and China

[4] Not available

NOTE The method of calculation is unchanged from that followed in the calculation of the indices given in *The State of Food and Agriculture 1953* but some revisions in the basic estimates of world commodity production have resulted in some minor revisions in the indices for 1952 53 and earlier years.

TABLE [illegible] INDEX NUMBERS OF TOTAL AND PER CAPUT FOOD PRODUCTION

Region	Total Food Production			Per Caput Food Production		
	1948/49-1950/51 average	1952/53	1953/54 (preliminary)	1948/49-1950/51 average	1952/53	1953/54 (preliminary)
	1934-38 average = 100					
Western Europe	103	114	121	94	102	107
North America	138	152	150	118	123	119
Latin America	128	136	138	98	97	96
Africa	123	134	134	102	106	105
Near East	114	133	140	95	104	108
Far East (excl. China)	99	105	109	84	85	87
Oceania	111	117	120	96	93	93
All above regions	115	126	128	98	102	103
World [1]	109	117	120	97	101	102

[1] Including rough estimates for U.S.S.R., Eastern Europe and China.

primarily determine their food consumption levels. Food production per head of the population remains some four to five time greater in Oceania and North America than in the Far East, the Near East and Africa, while Europe and Latin America fall into an intermediate position.[1]

Food production expanded faster than population over the last four years in all the less well-fed regions of the world except in Latin America. The gain in per caput production was most marked in the Near East, slow but fairly steady in the Far East and Africa, while in Latin America there was a slow downward drift.

Most major commodities shared in the increase in production from 1952/53 to 1953/54. World cereal production increased by two percent, the most satisfactory feature being an increase of eight percent in rice production (eight percent also in the Far East in spite of a poor crop in Japan) which ended the most acute phase of the postwar rice shortage. Wheat production declined slightly, mainly because of a smaller though still large crop in North America. Livestock products, notably milk, contributed largely to the increase in agricultural production and the output of sugar also increased sharply in spite of further restrictions in Cuba, mainly because of a record European crop of sugar beet. On the other hand there was a dramatic fall in jute production to about half the 1952/53 level owing to acreage restrictions in Pakistan, and smaller reductions in the world production of other hard fibers, natural rubber and cocoa. Restrictions on production are likely to become increasingly important in 1954/55, particularly in the United States, and to limit the output of wheat, sugar, cotton and tobacco.

The world catch of fish, crustaceans and mollusks in 1953 was estimated at approximately the 1952 level of 26.0 million metric tons. The total catch of five major producers for which statistics are available (Canada, Japan, Norway, United Kingdom, and United States) has shown little change during the years 1951-1953 at 10 to 11 million metric tons or about 40 percent of the world's total. No figures are available for two other major fish producers, the U.S.S.R. and China, but it is estimated that each of them accounts for about 2.0 million metric tons per year. The principal countries in the medium producing group have continued their upward postwar trend of production in 1953. Production was also maintained or increased in most of the smaller producing countries.

In regard to forest products, world production of roundwood was maintained in 1953, while the production of finished products increased, largely by drawing on existing stocks of raw materials. New records were reached in 1953 in the world production of sawn wood (265 million cu.m.), wood pulp (39 million tons), newsprint (10 million tons), other paper and board (39 million tons), plywood (7.8 million cu.m.) and fiber building boards (2.7 million tons).

The second FAO world forestry inventory was completed in 1953 and is discussed more fully in Chapter IV. Growing stocks of timber in the world's forests now in use are estimated at 96 thousand million cu.m. (of which about 60 per

[1] See *State of Food and Agriculture 1953*, Part I, Figure III.

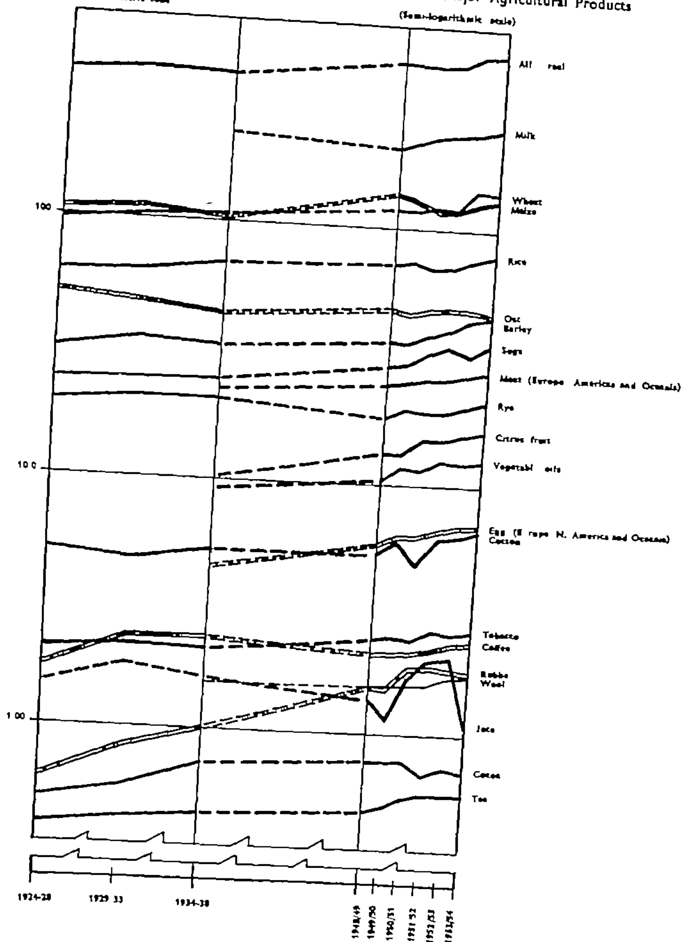


FIGURE I — Estimated World Production of Major Agricultural Products

cent are coniferous and 40 percent broad leaved species) growing on a total forest area of 1 127 million hectares This is less than one-third of the total world area under forest of 3 900 million hectares though 600 million hectares of unexploited forest are already accessible The inventory shows that the world s forests are potentially capable of furnishing a plentiful flow of forest products for a world population much higher than today It also brings out once more the contrast between the fully exploited coniferous forests where growth and drain roughly balance and the under-exploited broadleaved forests

Long Term Production Trends

Year to year changes in agricultural production are of course largely affected by the weather and are generally less significant than longer term developments, which as a rule correspond more closely to changes in world demand There can be little doubt for example that the long term rise in world per caput production of e.g eggs sugar citrus fruit rubber and wood pulp (Figure I and Table 3) reflects a growing demand for these commodities though rubber is increasingly affected by the synthetic product Similarly the declining per caput production of rye potatoes, dried fruit and wine probably reflects a falling off in world demand. Per caput milk production, though still below prewar has risen slowly but further development may be affected by the shift from butter to margarine In other cases, however e.g rice coffee cocoa and wool the low postwar indices of per caput production are more likely to be the result of the slow expansion of production rather than of any fall in demand, as is indicated by the current high prices of these products Again the unchanging long term trend for cereals as a whole is the result of a complex of opposing tendencies e g the slow recovery of production in the Far East especially of rice and higher production, mainly of wheat and maize in North America falling human consumption of cereals in the most industrialized countries and some increase in countries where standards of living are only now beginning to rise lower requirements of coarse grains for horses (particularly oats) and to some extent for cattle because of improvements in the production and utilization of pasture offset however by larger requirements for pigs and poultry The production figures however suggest no marked change in the over-all demand for cereals for in general the periods of higher production were also years of low prices and surpluses.

It may be noted in passing that for a good many commodities world per caput production in 1934-38 was appreciably lower than in earlier periods partly because of droughts in 1934 and 1936 in North America but probably mainly because of the effect of the depression on demand This customary prewar base period for world agriculture was on the whole a time of somewhat subnormal production and consumption.

Prospects for 1954/55

It is too early to form any real judgment of the trend of production in 1954/55 Acreage restrictions and generally less favorable weather are likely to lead to some reduction in the production of grain and sugar at least in North America and Europe Restrictions on cotton production in the United States are unlikely to be offset by any increases which may occur elsewhere No marked recovery in the production of jute and hard fibers from the low level of 1953 seems likely and natural rubber production may continue to decline slowly On the other hand a continuing expansion of livestock production seems probable given normal weather in the main producing areas and increased supplies of oilseeds coffee tea and tobacco are also expected in 1954 World agricultural production as a whole seems likely to be fairly well maintained in 1954/55 in spite of increasing restriction schemes in exporting countries, and there may well be a continuation of the recent upward trend

International Trade in Agricultural Products

The most notable feature of the international trade in agricultural products during 1953 was the continuing decline in grain shipments from the peak reached in 1951 due mainly to good harvests and lower import requirements in both Europe and the Far East This decline continued during the first half of 1954 Total wheat import requirements of Western European countries for example were reduced by one and a half million tons by the heavy 1953 harvest. Simultaneously there was a sharp recovery in Argentine grain exports from the low level of 1952 some increase in exports from the Near East and Oceania, and within Western Europe a marked increase in exports from France and Sweden. The main impact of these changes was concentrated on North American exports which in consequence were some 30 percent lower in 1953/54 than in 1952/53 compared with

Table 3 Index Numbers of World Per Caput Production of Selected Commodities (Excluding U.S.S.R. and China)

Commodity	1924-28 average	1929-33 average	1948/49-1950/51 average	1952/53	1953/54 (preliminary)
	1934-38 average = 100				
All cereals	110	109	97	102	101
Wheat	105	105	97	110	107
Rice	102	101	89	91	94
Maize	116	113	109	103	104
Barley	105	111	97	114	115
Oats	129	115	92	92	83
Rye	108	109	79	83	85
Potatoes	91	98	87	79	80
Sugar	104	101	104	111	116
Oilseeds (oil equiv.)	98	100	107	107	110
Citrus fruit	73	84	119	128	130
Dried fruits [1]			84	95	86
Wine	101	99	79	75	85
Coffee	85	106	78	82	81
Tea	100	100	100	106	103
Cocoa	78	82	92	85	81
Tobacco	111	109	103	104	105
Cotton	110	98	89	102	103
Wool			87	90	90
Jute	105	117	78	100	55
Rubber	69	68	141	151	142
Meat			91	96	96
Milk			86	88	91
Eggs [2]			117	126	126
Sawn wood [3]			102	102	102
Wood pulp [3]			122	143	143

[1] Raisins, figs, and dates.
[2] North America, Oceania and Western Europe only
[3] 1934 = 100
Not available

Source: Publications of International Institute of Agriculture and of FAO

a fall in world grain shipments as a whole of only eight percent. Exports of cereals from the U.S.S.R. to countries outside the rouble area were also much lower and there was some fall in Far Eastern rice exports. In general wheat shipments fell more sharply than those of other grains and some countries, e.g. the Netherlands and Denmark, increased their imports of coarse grains since prices were favorable for livestock producers.

In contrast to the decline in grain, world trade in sugar increased sharply in 1953 compared with the previous year and shipments of vegetable oils and oilseeds, fruit, tobacco and coffee were also larger. As a result the total volume of world trade in agricultural products showed practically no change from 1952 though there were fairly marked changes in the share of different regions and the relative importance of different commodities (Table 4).

The increased trade in sugar was due mainly to greater European imports and was largely accounted for by a special United Kingdom purchase of Cuban sugar for stockpiling in anticipation of de-rationing. Shipments of sugar again began to decline toward the end of 1953 and are likely to fall further in 1954 in view of the very heavy 1953/54 production in European importing countries. For tobacco too the increased trade in 1953 was to some extent fortuitous, partly resulting from delayed shipments from the United States to the United Kingdom though there was a marked increase in exports of Greek and Turkish tobacco. Increased intra-European trade accounted for most of the expansion in the case of fruit; thus exports of fruit from Italy increased by 14 percent while shipments of Spanish oranges to Germany doubled. For vegetable oils and coffee, however, the expansion was more general

TABLE 4 INDEX NUMBERS OF THE VOLUME OF TRADE IN AGRICULTURAL PRODUCTS BY COMMODITY GROUPS AND BY REGIONS, AND THE SHARE OF EACH IN TOTAL WORLD TRADE IN AGRICULTURAL PRODUCTS

Item	Share of World Trade			Indices of Volume		
	1934-38 average	1952	1953 (preliminary)	1948-50 average	1952	1953 (preliminary)
	Percent			*1934-38 average = 100*		
All agricultural products	100	100	100	93	100	100
Cereals	20	22	21	96	111	103
Sugar	6	6	7	112	114	120
Oilseeds and vegetable oils	9	7	7	68	72	74
Fruits	4	4	4	86	104	114
Livestock products	17	16	16	92	95	96
Other foodstuffs	2	2	2	107	110	110
All foodstuffs	58	57	57	90	98	98
Beverages and tobacco	12	12	13	103	106	111
Natural fibers and rubber	30	31	30	105	102	101
Forest products				97	107	116
Europe						
Gross exports	17.8	14.5	14.7	63	81	82
Gross imports	63.4	53.1	57.2	88	84	90
Net imports	45.6	39.6	42.5	97	85	93
North America						
Gross exports	11.5	23.1	19.5	176	201	169
Gross imports	13.8	17.8	16.6	123	129	121
Net trade	+ 2.3	− 5.3	− 2.9	—	—	—
Latin America						
Gross exports	18.7	15.0	18.4	101	80	98
Gross imports	2.5	4.8	4.5	155	190	180
Net exports	16.2	11.2	13.9	93	84	85
Oceania						
Gross exports	9.8	12.4	12.6	129	126	129
Gross imports	0.6	0.9	0.9	155	160	167
Net exports	9.2	11.5	11.7	128	124	127
Far East						
Gross exports	29.3	20.7	20.3	65	71	70
Gross imports	16.0	16.0	14.5	73	100	91
Net exports	13.3	4.7	5.8	54	36	44
Near East						
Gross exports	4.0	4.1	4.8	97	105	121
Gross imports	1.1	2.4	2.3	185	222	220
Net exports	2.9	1.7	2.5	65	62	86
Africa						
Gross exports	6.9	8.9	8.7	116	130	127
Gross imports	1.6	2.7	2.7	137	172	176
Net exports	5.3	6.2	6.0	111	116	113

— Not available.

NOTE: The indices take into account trade between communist and non-communist countries, but not trade between the communist countries themselves for which data are lacking. They are based on trade statistics of commodities weighted according to average prices in 1934-38. The regional indices and the figures showing the percentage share of world trade do not take into account forest products.

and reflected both larger supplies in exporting countries and an increased import demand.

It is apparent from Table 4 that world trade in agricultural products which rapidly regained its prewar volume in the late forties and slightly exceeded it in 1951 under the influence of the Korean boom, has since remained at almost exactly the 1934-38 level. The static condition of world agricultural trade is in sharp contrast to the steady expansion of agricultural production and indicates that a gradually diminishing proportion of the world's output is entering international trade. The decline is fairly general for most major products but is especially marked for oilseeds, fruit, cotton, and latterly for sugar and cereals.

On the one hand this fall reflects the trend in many countries toward greater self-sufficiency partly for balance of payments and partly for strategic reasons. On the other hand it reflects the increasing difficulty of some exporting countries, especially in the less developed regions in maintaining their former volume of exports in the face of the rapidly growing food requirements of their own populations. A number of countries in the less developed parts of the world are indeed increasingly dependent on food imports and but for this development the current level of world trade would be appreciably lower than before the war.

As noted in last year's *State of Food and Agriculture*, the declining food exports and increasing imports of the less developed regions was the factor mainly responsible for the greatly increased share of North American exports in world trade a trend, however now beginning to be reversed. Thus, in 1934-38 about twelve percent by volume of the world's gross exports of agricultural products came from North America. In 1951 North America's share reached a peak of 24 percent but by 1953 had declined to about 20 percent. In North America agricultural exports have increased much more rapidly than agricultural production. The same is true to a less extent of Oceania, where however a special effort was made in the immediate postwar years to maximize exports by rationing domestic consumption and where exports during this period were also augmented from stocks of wool accumulated during the war. But in all other regions of the world, and for the world as a whole the export trade has lagged behind agricultural production (Table 5).

For imports the regional situation is altogether different. In the main importing regions Europe North America and the Far East imports have expanded less rapidly than agricultural production

TABLE 5. COMPARATIVE RATE OF DEVELOPMENT OF AGRICULTURAL EXPORTS AND AGRICULTURAL PRODUCTION [1]

Region	1948-50 average	1951/52	1952/53
	1934-38 average = 100		
North America	130	151	125
Oceania	115	109	105
Africa	94	94	94
Near East	84	84	84
Europe	61	70	71
Latin America	82	72	68
Far East	66	74	66
All regions	83	86	90

[1] Index of gross agricultural exports divided by index of agricultural production.

TABLE 6. RATE OF GROWTH OF AGRICULTURAL IMPORTS COMPARED WITH AGRICULTURAL PRODUCTION [1]

Region	1948-50 average	1951/52	1952/53
	1934-38 average = 100		
Europe	85	76	76
North America	91	94	84
Far East	74	101	91
Oceania	133	166	126
Africa	111	126	128
Latin America	126	164	140
Near East	159	183	164
All regions	83	86	80

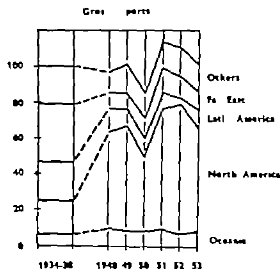
[1] Index of gross agricultural imports divided by index of agricultural production.

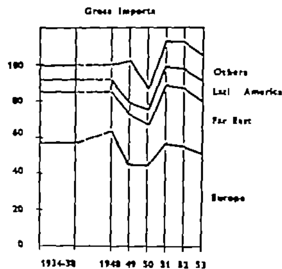
and these regions have tended to become more self-sufficient. In other regions the reverse is the case particularly in Latin America and the Near East (Table 6). In view however of the current efforts towards greater self-sufficiency being made by a number of countries in these regions this trend may soon be reversed. Some of the major developments in the postwar trade in foodstuffs are illustrated in Figure II.

World trade in forest products resumed its steady expansion after the fluctuations of 1950-52, but although the volume of trade in 1953 was higher than in 1952 it continued to decline in value. The volume of trade in sawn wood increased by some 15 percent compared with the previous year mainly because of larger European imports, and exports of most other finished products also continued to expand though shipments of wood pulp and pulp products as a whole did

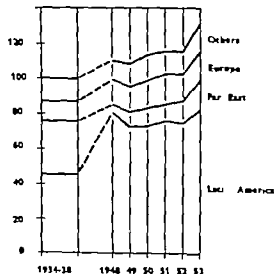
FIGURE II — Postwar Developments in the Volume of World Trade in Foodstuffs and Beverages

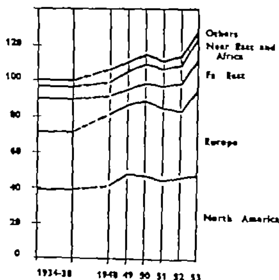
CEREALS



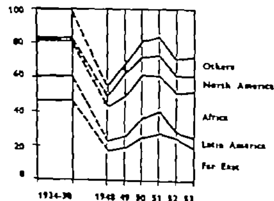


SUGAR





OILSEEDS AND VEGETABLE OILS



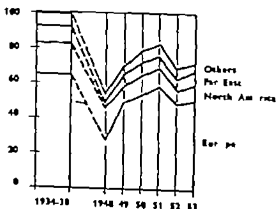
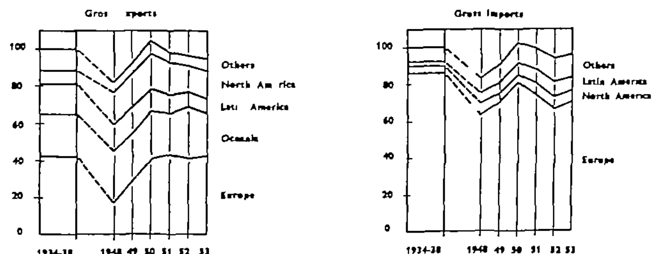
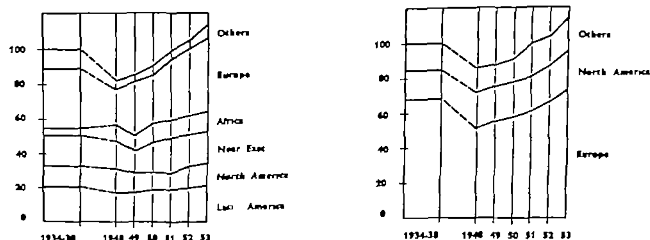


FIGURE II — Postwar Developments in the Volume of World Trade in Foodstuffs and Beverages





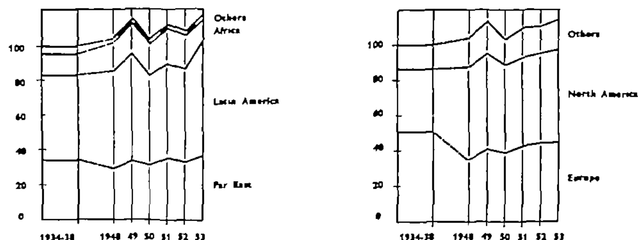


Table 7 Estimated Stocks of Major Agricultural Commodities

Note: It is to be emphasized that the quantities shown below include normal carry-over stocks in the countries concerned and should not be taken to indicate the size of the surplus

Commodity	Month	Stocks 1951	Stocks 1952	Stocks 1953	Stocks 1954	Exports 1953	1954 stock as % of 1953 production
		Million metric tons					*Percent*
Wheat[1]							
United States	July	10 8	7 0	15 3	23 5	5 8	74
Canada	"	6 3	7 4	11 4	17 0	7 1	102
Argentina		2 5	1 2	4 8	4 2	3 1	70
Australia	"	3 0	2 3	2 9	4 2	2 0	8
Coarse Grains[1]							
United States	[2]	25 0	18 1	24 3	30 0	2 2	28
Canada	August	2 7	3 4	4 4	4 4	3 4	33
		Thousand metric tons					
Rice (milled)	Dec.						
Cambodia			85	150		[illegible]15	[illegible]5
Viet Nam							
Burma		100	225	700		071	17
Thailand.			350	400		1 342	[illegible]8
Sugar							
Cuba[4]		[illegible]90	2 100	1 600	1 900	5 500	29
Other exporters[6]		440	540	550	725	2 200	11
United Kingdom		590	[illegible]560	1 890			[illegible]5 as percent of consumption
Other importers[9]		1 730	1 610	1 800	1 900		16
Linseed Oil[10]							
United States	July	414	405	371	310	42	136
Argentina	Dec.	213	211	230	60	116	33
Soft Oils[10]							
United States	Oct.	183	279	552	460	2[illegible]0	20
Butter	Jan.						
United States		48	12	33	128	—	17
Canada		18	20	25	32	—	21
Other major producers		90	83	62	67	281	7
Cheese	Jan.						
United States		96	101	108	196	3	23
Canada		12	15	18	15	7	42
Other major producers		83	60	[illegible]4	82	293	14
Dried Skim Milk	Jan.						
United States		142	43	75	[11][illegible]45	37	45
Canada		1	4	8	5	11	12
Netherlands.				—	11	14	28
Tobacco[12]	July						
United States		1 532	1 647	1 742	1 745	258	167
Canada		88	93	98	93	14	148
Rubber	Jan.						
Producing countries and afloat		529	503	480	452	1 666	26
Consuming countries[13]		261	320	356	391	—	
Cotton	Aug						
Exporters United States		494	603	1 215	2 125	[14][illegible]80	[15][illegible]00
Others		592	961	1 032	1 776 (Others and Importers)	[1] 1 730	
Importers		1 241	1 321	1 106		—	

Exports 1953/54 July-June
USA 1 Oct for maize, 1 July for barley and oats.
1953 stocks as % of 1953 production (1953-54 production for wheat and coarse grains)
31 December
Forecast
Belgium, Brazil, Dominican R., Haiti Peru Philippines, Denmark, 31 Aug
31 August.
February 1954
Canada, France Japan, Netherlands, Sweden, USA : 31 Aug except Japan and USA 30 June
Including oilseed in terms of oil.
A considerable proportion of stocks of dried skim milk were disposed of in May 1954 through sales for feed purposes.
Domestic grown tobacco farm weight.
Excluding government strategic stockpiles.
1953/54 exports.
1954 stocks as percent of 1953/54 production.
Not available
— None or negligible

not regain the boom level of 1951 On the other hand there was a sharp fall of over 25 percent in world trade in roundwood mainly because of drastic cuts in imports of pitprops and pulp wood by the United States and Western European countries following heavy stockpiling in 1951 and 1952.

The Problem of Surpluses

The feature of the food and agricultural situation which has caused most concern in 1953/54 has been the continuing accumulation of excess stocks of some commodities, particularly in North America. Statistics of stocks are more fragmentary than those for production and trade but the estimates in Table 7 give some indication of the magnitude of the main holdings in relation to current production and of their geographical location.

The surplus of cereals and particularly of wheat is much the most serious because of its sheer size, its effect on markets and on production plans all over the world and because there are as yet no real signs of its being liquidated, though acreage restrictions in the United States may limit further stock accumulations. The crux of the problem is in North America (its development there is illustrated in Figure III) though inevitably the surplus in that region has led to marketing difficulties elsewhere e.g in Australia Argentina and Turkey

Although the main inflation of North American stocks came with the bumper crop of 1952/53 — 13 million tons or over 30 percent more than the average of the three preceding years — wheat production in North America has exceeded utilization in every season but one since 1948/49 and there have been substantial additions to the carry-over The 1953/54 crop though smaller than in 1952/53 was still some seven million tons above the 1949-1951 average. Moreover it met a reduced export demand and increased competition from other exporters so that the addition to stocks during the year will be about as large as the year before

It is worth noting that the major cause of the increased North American production was a succession of good harvests rather than any great increase in crop area. Thus in the bumper year 1952/53 when production was more than twice the 1934-38 average the increase in the crop area was only 20 percent but the increase in the yield per hectare nearly 70 percent (Table 8)

While higher yields were to a considerable extent due to improved technical methods, they were also largely the result of weather generally unfavorable in 1934-38 and much more favorable in the postwar period, particularly in 1952/53. In future seasons therefore, acreage restrictions might be reinforced by a return to lower yields. Similar increases in yields per hectare are also apparent in the Western European wheat growing areas and in the exporting countries of the Southern Hemisphere though in these areas they are partly offset by a marked reduction in the area cropped.

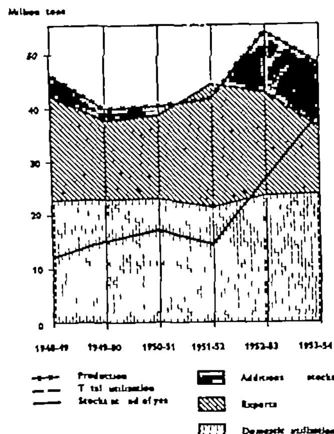
For other cereals the surplus problem is less acute. Although stocks of coarse grains increased in 1953/54 and may increase further in 1954/55 since United States acreage restrictions on maize have not been fully effective they do not yet appear to be unmanageable particularly in view

TABLE 8. WHEAT CROP AREA, YIELD AND PRODUCTION IN CERTAIN REGIONS

ITEM	1948/49	1949/50	1950/51	1951/52	1952/53	1953/54
	1934-38 average = 100					
North America						
Crop area	120	129	110	108	120	116
Yield per hectare	144	119	136	145	168	157
Gross production	173	154	151	156	203	180
Australia and Argentina						
Crop area	78	79	83	58	81	78
Yield per hectare	122	130	121	103	146	136
Gross production	96	102	100	57	119	110
Seven Major European Importers[1]						
Crop area	89	88	91	91	91	92
Yield per hectare	103	116	115	109	122	[illegible]
Gross production	92	102	105	99	112	122

[1] Belgium France German Federal Republic Greece Italy Netherlands and United Kingdom.

FIGURE III — Wheat Supplies in North America and the Accumulation of Stocks



of growing pig numbers in the United States. The same may be said of stocks of rice accumulated in Far Eastern exporting countries which are moving more freely now that prices have eased

Apart from cereals the largest stocks are those *of sugar* which have doubled in the last two years but here the restrictions on production in Cuba and the export quotas under the International Sugar Agreement may in time correct the situation. Moreover world per caput consumption of sugar is rising steadily while that of cereals (for all purposes) tends to remain more static. For rubber too production and consumption are coming closer together with a falling production of natural and restrictions on the output of synthetic rubber Similarly the drastic curtailment of jute production in Pakistan will effectively dispose of outstanding stocks Excess stocks of dried skim milk in the United States and the Netherlands have been largely disposed of at low prices for animal feeding and prices have also been reduced sharply in the United Kingdom

The main accumulations of stocks of other commodities have developed in North America, principally under United States price support schemes. Investments of the Commodity Credit Corporation have increased more than threefold since 1952 apart from cereals they are particularly heavy in cotton, tobacco vegetable oils and more recently dairy products and wool (Table 9) The measures being adopted by the United States Government to adjust future production to expected demand and to dispose of existing surpluses are discussed in Chapter III

The problem of surpluses has bulked so large in recent thinking that it is important to see it in perspective, without exaggerating or minimiz

TABLE 9. INVESTMENTS [1] OF THE UNITED STATES COMMODITY CREDIT CORPORATION

COMMODITY	31 March					
	1952	1953	1954	1952	1953	1954
	Thousand metric tons			*Million United States dollars*		
Wheat.	5 903	13 292	24 648	503	1 126	2 183
Maize	10 496	13 106	20 511	661	819	1 292
Cotton seed oil	12	244	466	5	98	184
Linseed oil.	96	86	40	60	55	20
Flax seed	34	98	393	4	14	57
Butter	—	42	150	—	64	222
Cheese.	—	18	145	—	15	129
Milk	13	56	259	5	22	95
Tobacco	184	234	285	202	227	275
Cotton upland	89	463	1 722	62	322	1 306
Cotton linters	8	152	271	2	31	56
Wool	—	47	56	—	67	81
All other	—	—	—	237	206	329
Total	—	—	—	1 731	2 066	6 229
Total excl cereals	—	—	—	505	1 095	2 616

[1] Pledged for loans and inventories.
— None or negligible.

SOURCE *Report of Financial Condition and Operations*, USDA Commodity Credit Corporation, March 1953 and 1954

ing its real dangers. For cereals, and especially for wheat the problem is one of world significance and apart from widespread crop failures there seems little doubt but that the wheat surplus will throw its shadow over world trade for some seasons to come. Moreover many countries in other parts of the world, e.g., Latin America, the Near East, the Far East, together with the U.S.S.R. and China are maintaining programs of cereal expansion, and these must limit export outlets for North American grain. For sugar also accumulated stocks are too large to be disposed of quickly although Cuban restrictions and the measures taken under the International Sugar Agreement indicate how the problem may be tackled. But here too, programs to expand production are being pressed forward by sugar importing countries for balance of payments or other reasons. Outside the United States the surplus problem appears for the time being to be easing for most other commodities.

Most governments are now concerned to establish policies which will bring production and demand more closely into line by stimulating domestic or export demand, or sometimes inevitably by restricting production. Meantime there remains the problem of disposing of current surpluses. One important difference between the present and the interwar period of surplus is that today most of the excess stocks are under government control and there is correspondingly less danger of an unorganized unloading of supplies onto the market because of the financial difficulties of farmers and to some extent of private firms. The danger now is rather of a widespread extension of two price schemes and the export of unwanted supplies at substantially less than the domestic price. Examples of this trend are given in the section on agricultural prices. But whatever safeguards are taken such policies are apt to depress market prices and harm normal trading

The FAO Conference at its Seventh Session recognizing this danger urged governments to avoid methods of disposal that might result in undue pressure on markets or interference with normal patterns of production and trade The problem was subsequently considered by the FAO Committee on Commodity Problems which discussed means by which the disposal of surpluses might be used to raise nutritional standards e.g of vulnerable groups in under-developed countries or to aid economic development and defined the general principles which should be observed in the disposal of agricultural surpluses. The Committee on Commodity Problems also decided to establish a Standing Committee in Washington for continuing inter-governmental consultation on surplus disposals and on the possible effects of such transactions.

In the long run the problem is how to avoid the recurrence of surplus situations, once existing stocks have been liquidated, and how to achieve greater stability of markets. In other words how production can be kept expanding to meet the growing requirements of the ever increasing world population, and the need to raise nutritional standards without at the same time over-running temporarily the effective demand of consumers for particular products or in particular areas to an extent that excessive stocks accumulate, or that prices to producers are depressed to an unprofitable level This was one of the main problems discussed by the Seventh Session of the FAO Conference in November 1953 and its conclusions on such policies of "selective expansion of production and consumption have been published in its report. The practical application of these policies is being discussed further in a series of regional meetings and consultations under FAO auspices Means of ensuring a balanced and harmonious expansion of agricultural production is a basic task of the Organization, and the problems which member countries are meeting and measures they are adopting for their solution are discussed throughout the latter sections of this report

Food Consumption and Nutrition

The increased food production achieved during the past three years has been reflected to some extent in improved quality of the diet in countries where food consumption levels are relatively high and in an increased consumption of staple foods in the countries where food consumption is low For a number of reasons however food consumption in most areas has not kept pace with increasing production. Probably the most important single factor is the generally continuing high retail prices of food More abundant food supplies have caused farm prices to ease appreciably during the past year but retail prices have not fallen to the same extent and have even risen in some countries where food subsidies have been reduced or discontinued (see page 44). Price rigidity not only in the retail sector is also partly responsible for surpluses of several foodstuffs in North America and for difficulties in disposing of rice supplies in Far Eastern exporting countries. The emergence of surpluses follow

ing earlier periods of acute shortage in many parts of the world is a main indication of the lack of balance between food production and consumption.

In comparing the slower expansion of food consumption than of food production during the past two or three years other considerations must also be taken into account. For example some countries especially those dependent on imports, have built up food stocks to safer levels, e.g India. Larger quantities of grain have been used as animal feed which although increasing the supply of the more nutritious livestock products appreciably reduces the total calories available for human consumption. The same may be said of the reduction in flour extraction rates which makes more bran available for animal feed in this case, however the nutritional quality of the bread produced would be somewhat lowered through a loss of essential nutrients. The increased utilization of food materials to improve the quality variety and palatability of the diet rather than the quantity is of course a normal and usually desirable accompaniment of increasing food production. Nevertheless the fact remains that the quantity of foodstuffs consumed measured in terms of calories is still far too low in many countries, especially in the Far East (see Annex Table I)

Except in a very few countries food rationing of all kinds has now been abolished price controls have been removed or eased still further and greater freedom accorded to private traders in the distribution of foodstuffs. But unless countervailing steps to expand consumers effective demand are adequate the removal of controls especially on prices may inflict hardship on the poorer sections of the population in many countries and restrict the outlets for food often of types whose consumption needs particular encouragement

National average levels of food consumption, in terms of calories and proteins have recently become somewhat stabilized and it is difficult to detect significant changes year by year by food balance sheet methods. For instance nutritional levels in the OEEC countries as a whole which increased rapidly from 1947/48 to 1950/51, have shown rather little change during the past three years. In the Far East the large absolute annual increase in population in countries where pressure of population on land is very heavy precludes any rapid rise in per caput levels. In Latin America the marked increase in food output is being outstripped by sharply rising population, food consumption levels have however been maintained and sometimes increased by lower exports and larger imports

In both these regions as well as in other less developed territories food consumption levels except in a few countries remain far behind those of North America Oceania and Western Europe (Figures IV and V) The need to narrow this wide gap by raising consumption levels in less developed countries is still the central problem of the world s food situation. But it is increasingly evident that the problem cannot be solved merely by the application of improved techniques of production important as they are. Unless means can be found to expand effective consumers demand and to absorb the increasing volume of production, farmers cannot be expected to raise their output to the required levels

Trends in Food Consumption Patterns

Wartime and postwar food shortages and the need to concentrate on the production of high energy yielding foods led to enforced changes in the pattern of food consumption over large parts of the world. It is too early to judge whether any of these changes is likely to be permanent though there are indications that some may be. But it is already clear that with more abundant supplies and the relaxation of food controls there is a strong general tendency to return to prewar patterns of food consumption, except where changed price relationships have persisted In Europe for example the consumption of cereals and potatoes, bulky foods rich in carbohydrates, increased considerably during the war and postwar years in order to ensure an adequate intake of calories By 1952/53 however there was a marked drop in the consumption of these foodstuffs especially of coarse grains of which the consumption was half that of 1947/48 Similarly in Japan considerable efforts were made to increase the production of sweet potatoes, but their consumption is now even below that prevailing in prewar years. The decline in the consumption of such foods in many countries has been accompanied by a larger consumption of meat eggs and vegetable fats which were formerly in very short supply However prewar levels have by no means been fully restored in all countries especially in the United Kingdom because of the more limited supplies of e g meat for import.

The reversion to the prewar pattern of consumption might have been even more pronounced

FIGURE V — *Food and Population* Distribution of the Population of the World According to Daily Intake of Animal Protein

- 1,000,000 Inhabitants (population at mid-year 1950)
- Group I — Over 30 grams of animal protein
- Group II — Over 15 and under 30 grams of animal protein
- Group III — 15 grams and under of protein
- Data not available

1 — Canada
2 — *United States of America*
3 — Mexico
4 — Cuba
5 — Jamaica
6 — Haiti
7 — Dominican Republic
8 — Puerto Rico
9 — Guatemala
10 — El Salvador
11 — Honduras
12 — Nicaragua
13 — Costa Rica
14 — Panama
15 — Colombia
16 — Venezuela
17 — Guianas
18 — Ecuador
19 — Peru
20 — Brazil
21 — Chile
22 — Bolivia
23 — Paraguay
24 — Uruguay
25 — Argentina
26 — *Hawaii*

29 — Denmark
30 — Norway
31 — Sweden
32 — Finland
33 — Netherlands
34 — Belgium
35 — France
36 — Spain
37 — Portugal
38 — *Italy*
39 — Sicily
40 — Sardinia
41 — Trieste
42 — Western Germany
43 — Switzerland
44 — Austria
45 — Yugoslavia
46 — Eastern Germany
47 — Poland
48 — Czechoslovakia
49 — Hungary
50 — Romania
51 — Bulgaria
52 — Albania
53 — Greece
54 — U.S.S.R.

57 — Lebanon
58 — Israel
59 — Jordan
60 — Saudi Arabia
61 — Iraq
62 — Iran
63 — Afghanistan
64 — Pakistan
65 — India
66 — Ceylon
67 — Nepal
68 — China
69 — Burma
70 — Thailand
71 — Indochina
72 — Malaya
73 — Singapore
74 — Formosa
75 — Philippines
76 — Indonesia
77 — Australia
78 — New Zealand
79 — Korea
80 — Japan
81 — Spanish Morocco
82 — French Morocco

85 — Libya
86 — Egypt
87 — French West Africa
88 — Nigeria
89 — Sudan
90 — Eritrea
91 — Sierra Leone
92 — Liberia
93 — Gold Coast
94 — Cameroons
95 — French Equatorial Africa
96 — Uganda
97 — Ethiopia
98 — Italian Somaliland
99 — Belgian Congo
100 — Kenya
101 — Angola
102 — South-West Africa
103 — Northern Rhodesia
104 — Southern Rhodesia
105 — Ruanda Urundi
106 — Tanganyika
107 — Mozambique
108 — Bechuanaland
109 — Nyasaland
110 — Union of South Africa

but for the uncertainties of the balance of pay ments situation in some countries

Some important alterations in prewar consumption patterns have occurred partly owing to govern ment efforts and partly to changed price relation ships in some cases these changes seem likely to persist. In the former category may be placed *the impressive increase in the consumption of* fluid milk, stimulated in many cases by nutritional education and other measures including subsidies. The reduced demand for butter at current prices is, in some countries a further factor in stimulating the sale of fluid milk for human consumption. It seems unlikely that the long term trend towards higher milk consumption levels in many countries will be reversed even though in some cases, e.g the United Kingdom, Denmark Norway and the Netherlands there has been some decline from the record levels attained a year or two ago. *Examples of the more significant increases are* given in Table 10

TABLE 10 PER CAPUT FLUID WHOLE MILK CONSUMPTION

COUNTRY	Prewar average	1948/1949	1950/1951 1951/1952 average	1952/1953
	Kilograms per head			
Ceylon	8 3	8 8	13 2	
Japan.	4 5	2 7	6 9	
United Kingdom	100	163	158	163
Norway	188	242	249	242
Italy	36	44	46	49
United States	120	128	127	127
Australia	110	144	130	
New Zealand	187	206	215	215

Not available

Perhaps the most striking illustration of the effect of changed price relationships is the increasing substitution of margarine for butter For example in the United States per caput consumption of margarine is now almost equal to that *of butter having increased nearly threefold from* the prewar average of 1.3 kg per year while butter consumption fell by half during the same period In many other butter consuming coun tries this displacement is equally rapid despite numerous restrictions which handicap the sale of margarine.

Significant changes have also taken place in the consumption of staple cereals For instance shortage of rice in postwar years and the high prices prevailing for rice compared with wheat were largely responsible for an appreciable shift from rice to wheat consumption in traditionally rice consuming countries of which two examples are given in Table 11

TABLE 11 PER CAPUT SUPPLIES OF RICE AND WHEAT (IN TERMS OF FLOUR)

YEAR	Rice	Wheat
	Kilograms per head	
Ceylon		
1934-38 average	145	3
1948/49-1951/52 average	99	25
1952/53	92	32
1953/54	94	33
Japan :		
1934 39 average	141	13
1948/49 1951/52 average	106	32
1952/53	113	27
1953/54	98	27

With the recent fall in prices of rice there is some evidence that this trend is, at least partly being reversed. For the most part the increase in wheat consumption has taken place in large towns and coastal cities which have an easier access to wheat from abroad. The long term trend is uncertain since rice supplies are becoming easier to get and rice-eaters habits are not easily changed but an enlarged market for wheat at least in some of the rice consuming countries may be permanent. For instance an active campaign is being carried on in Japan to encourage *the production and consumption of wheat and* barley and to reduce the consumption of rice

One factor likely to affect future trends of consumption is the increasing recognition by governments of nutritional considerations in plan ning agricultural programs and the efforts in less developed areas to expand the production of cheap but nutritious foodstuffs such as pulses and fish though this sometimes involves the difficult process of overcoming established prefer ences for traditional diets. For instance a plant for large-scale commercial production of so-called soya-milk is being installed in Indonesia. Another example is in Chile where efforts are being made to stimulate fish production and consumption, and where consumer acceptance tests of edible fish flour have already been completed successfully

A further factor which may affect the pattern of food consumption for individual countries is the changes in age groups associated with the

growth of population. *Preliminary calculations* indicate that in most countries average calorie requirements for the population as a whole will not be significantly changed but that there may be a shift in requirements for certain types of food For example where birth rates remain high and infant mortality rates are falling the proportion of children in the population will tend to rise with a corresponding increase in the requirements for milk and other protein rich foods. Recent *studies establish* beyond doubt that protein malnutrition among young children is the most serious deficiency disease prevalent in the under fed areas of the world

A more general question is the long term changes in consumption patterns accompanying increased industrialization and rising real income The most complete data on such changes relate to the United States. In that country total per caput food consumption, in terms of retail weight hardly changed over the period from 1909 to 1952 but there were considerable improvements in the nutritional quality of the diet The consumption of grain products potatoes and sweet potatoes *which are of importance mainly as sources of* calories, was reduced by about 40 percent On the other hand the consumption of protective foods increased considerably e.g eggs by over 40 percent green vegetables by about 60 percent and citrus fuit and tomatoes by 80 percent Consumption of meats, poultry and fish increased by only two percent though within this group the consumption of beef has become lower and of poultry higher Before World War II similar trends were apparent in most of the industrialized countries in Europe.

It does not of course follow that industrialization in the less developed countries will be accompanied by similar changes in food consumption patterns. Where the calorie intake is extremely low the first need is for increased supplies of high energy foods, and there is little doubt that this will be the early response to rising per caput real incomes. Nevertheless in the long run it is likely that the proportion of the income spent on high energy foods will fall and that the consumption of protective foods will increase Figures VI and VII show the consumption of animal

FIGURE VI — Per Caput Supply of Animal Protein in Relation to Per Caput National Income

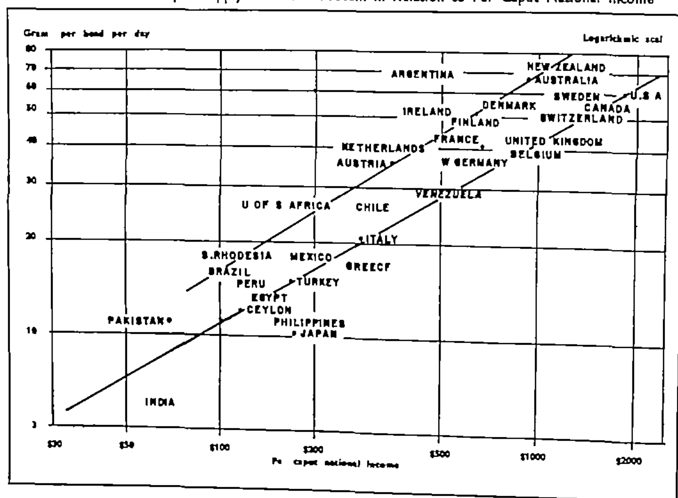


Table 12. Estimated Volume of Retail Food Sales in Each Quarter of 1953

Country	I	II	III	IV
	Corresponding qr of 1952 = 100			
Austria [1]	107	114	116	116
Belgium [2]	107	100	102	103
Denmark [3]	103	105	107	105
Finland [4]	97	102	104	103
Germany (Western)	108		108	
Netherlands	102	103	103	105
Norway [2]	100	90	104	103
Sweden	100	100	101	102
Switzerland [2]	103	101	103	103
United Kingdom	105	105	104	105
Canada	102	104	105	106
United States [5]	105	104	102	101

[1] Food and tobacco
[2] Food co-operatives.
[3] Food, drink and tobacco
[4] Co-operative retail sales.
[5] A similar index for the first tw months f 1954 would be 100

Sources ECE *Economic Survey of Europe in 1953* (with subsequent figures supplied by ECE Research and Planning Division) and United States and Cana dian ficial statistics.

the world has less need for the exceptionally large shipments of food and capital goods from North America which were vitally necessary in the first period after the war

The easing both of the dollar shortage and the food supply situation has restored a greater free dom of choice to the main importing countries The United Kingdom for example in restoring the import of grain to private trade has lifted restrictions on the import of grains from "hard currency areas. Premiums on non-dollar grains have disappeared and their prices on the world market have fallen to about the same level as grains from the dollar area. This trend has been strengthened by United States measures to make possible to a limited extent and under special conditions imports of United States foodstuffs against payments in national currencies rather than dollars. For the present at least currency considerations count for much less than before in international trade in agricultural products and for more and more commodities something approximating to a world market is again begin ning to emerge.

The Economic Situation in 1953/54 in Each Region

Almost all economic indicators in the United States showed a persistent decline during 1953/54 The index of industrial production (seasonally adjusted) fell from a peak of 137 (1947-49 = 100) in July 1953 to 123 in April 1954. This fall of ten percent was as much as during the whole of the previous recession from July 1948 to July 1949 Although the decline of industrial produc tion was faster than in 1948/49 there was no accel eration, but rather a flattening out of the curve in March April and May 1954 Unemployment increased with reduced industrial activity to 3 7 millions (5 8 percent) in March 1954 and fell less than is usual at this time of the year to 3.3 millions in May Decreased employment coupled with a generally reduced work week is curtailing labor incomes. Farm incomes also fell and total personal income was reduced by 1.8 percent during the seven months from October 1953 to April 1954 But the fall in incomes has been offset by lower taxes, and total disposable incomes, and hence purchasing power have remain ed almost unchanged, though their distribution between different sections of the population may have altered to some extent. Retail sales in the first quarter of 1954 were some four percent less than a year earlier but the main decline was in durable goods and as already noted retail food sales were at about the same level as in the first quarter of 1953 while retail price levels remain ed almost unchanged.

The main direct effect of changes in United States economic activity on the rest of the world is through repercussions on United States im ports which run closely parallel with the index of total industrial production. This relation ship has so far held true in the present recession. Imports of agricultural products however fell rather more than those of other products and there was a noticeable decline in imports of agri cultural raw materials in the last quarter of 1953

Although some of the same economic trends as in the United States have been visible in Canada their effect has so far been smaller and the fiscal year 1953/54 was the most prosperous in the country s history Despite a fall in farm incomes gross national product and both government and consumer expenditures increased by about five percent Nevertheless the expansion in pro duction slowed down appreciably in the second half of 1953 Unemployment rose to a postwar peak of five and a half percent in March 1954 and was particularly heavy in agricultural machin ery and other industries servicing agriculture. Moreover exports have declined mainly owing to smaller shipments of wheat newsprint lumber and agricultural machinery

Economic developments in Western Europe showed a very different trend in 1953/54 from

TABLE 12. VALUE OF UNITED STATES IMPORTS

Item	1952		1953				1954
	3rd q	4th q	1st q	2nd qr	3rd qr	4th q	1st qr
	Million U S dollars						
Total imports	* 636	* 782	2 731	2 815	2 657	2 336	2 83[illegible]
Total imports of agricultural products	1 027	1 07[illegible]	1 1[illegible]4	1 082	1 012	966	1 [illegible]73
of which crude foodstuffs	470	544	5[illegible]5	515	514	58[illegible]	644
other than crude foodstuffs	557	528	549	567	408	384	429

those in North America. Industrial production, which had stagnated in 1952 started to expand once more as from the second quarter of 1953 partly under the influence of United States defense expenditure including off-shore purchases. For the area as a whole the industrial output was seven percent higher in the first quarter of 1954 than a year earlier The fastest progress was in Western Germany and Italy but there were also substantial increases in the United Kingdom the Netherlands Yugoslavia, Austria and Greece The Scandinavian countries Belgium and France however showed little or no industrial expansion.

Export values increased appreciably in the second half of 1953 with the main gains in Western Germany and the United Kingdom. Much of the increase however was due to an expansion of intra European trade and largely reflected increased consumption in Western Europe Imports increased more slowly largely because agricultural expansion reduced food import requirements and the terms of trade became more favorable As a result total gold and foreign exchange holdings of EPU member countries including the reserves of the sterling area held in London, increased by about $2,300 millions (nearly 25 percent) during 1953 In view of this development and greater internal financial stability currency restrictions were considerably relaxed. Agricultural products met a strong demand on the domestic markets

A growing pressure of consumer demand hitherto intentionally kept at a low level appears to have been the main reason for drastic changes in policy in the U.S.S.R and most Eastern European countries during 1953/54 These are designed to speed up the output of consumer goods particularly agricultural products According to published data they are likely to lead to a higher rate of investment in agriculture in 1953/54 and especially in 1954/55 and 1955/56 The change in emphasis has also shown itself in a sharp increase in Russian imports e.g., of butter fruit and other goods and also in increased shipments of gold from the U.S.S.R. in payment as well as larger exports of cotton, timber petroleum and certain minerals. Exports of grain, on the other hand have declined and a drive has been started to expand grain production, probably mainly for animal feeding

Economic activity in Latin America as a whole showed little improvement in 1953/54 Industrial production continued to expand though rather more slowly than before and agricultural output was maintained but mining was affected by reduced foreign demand. The payments difficulties experienced in 1952 due in large part to the sharp deterioration in Latin America's terms of trade were eased in 1953/54 partly owing to rising prices of some export products including coffee cocoa, meat and wool but still more through severe restrictions on imports. Total imports were some 15 percent less in 1953 than in 1952 Not all Latin American republics benefited however from the general improvement in the balance of payments in particular those affected by the reduced North American demand and lower prices for non ferrous metals grain and cotton. The value of the Peruvian sol declined rather sharply Chile unified its multiple exchange rates without however stopping the downward trend on the free market, Brazil established a new exchange system, and Mexico Bolivia and Paraguay had to resort to devaluation.

The continuing unfavorable terms of trade of most Far Eastern countries in particular the high import prices of capital goods, are a limiting factor on the pace of economic development and to some extent therefore on the expansion of consumer demand for agricultural products. India which like China is not heavily dependent on foreign trade is perhaps the least affected and recent progress suggests that the main industrial and agricultural production targets set in

its first Five Year Plan will be achieved. In order to accelerate progress the government has reversed its earlier policy and has programmed for controlled deficit financing to the extent of $500 millions in 1954/55 In view of large recent increases in the production of food and consumer goods there is thought to be little danger of inflation, but if necessary the government will use its substantial foreign exchange resources to import additional food and other supplies. Japan is facing serious economic difficulties as a result of reduced United States aid the problem of war reparation payments to other countries in South East Asia and its high internal price level all of which have greatly reduced the competitive power of its exports of manufactured goods. Other Asian countries are also experiencing balance-of payments difficulties in 1953/54 Burma and Thailand for example are having to adjust their economies to lower export prices for rice while Malaya and Indonesia are affected by the low prices of rubber and tin. Pakistan was badly hit by the collapse of cotton and jute prices after the Korean boom, and by the partial failure of the wheat crop in two successive years but has since improved its position with the help of a large gift of United States wheat and higher prices for jute.

Lack of capital, except in oil exporting countries also retards economic development and the growth of the domestic demand for foodstuffs in the Near East. Turkey continues its remarkable progress but payments difficulties, due in part to heavy imports of capital goods compelled her to suspend the liberalization of imports from the EPU area. Egypt a country receiving little or no capital from abroad, showed deflationary tendencies and a slower rate of capital investment.

In Australia and New Zealand the economic situation continued to improve in 1953/54. Industrial activity increased further inflationary pressures diminished, and prices of most export products except wheat were higher than in 1952/53

Prices of Agricultural Products

In spite of the generally sustained level of demand, the marked recent changes in the supply situation have inevitably been reflected in price levels. Broadly speaking prices of some but not all foodstuffs tended to fall during 1953/54 prices of raw materials including forest products, were much steadier after the sharp falls of 1952 while in the beverage group coffee and cocoa prices rose sharply as a result of shorter supplies (Figure IX) with repercussions on the consumption and price of tea

It is in the cereals group that the most striking fall in prices has occurred. A steady decline in the export price of wheat and coarse grains reflected the marketing difficulties encountered by grain-exporting countries while the record rice harvest of 1953/54 reversed the long upward trend of rice prices. Prices of sugar became steadier following the restriction on Cuban production and the negotiation of the new International Sugar Agreement The market for oil seeds and vegetable oils became much firmer in 1953 but again weakened somewhat in early 1954 with increasing supplies. Price movements of livestock products were less clear-cut. Higher prices were agreed for dairy products shipped to the United Kingdom from the Southern Hemisphere and Denmark, but otherwise prices tended to fall except where they were maintained by government supports. Export prices of eggs fell

FIGURE IX

Notes

Dairy Products

Cheese wholesale price of Gouda cheese full cream

Butter Netherlands; fixed wholesale price for 84 % fat content. Denmark; price to producers.

Livestock

Beef cattle Argentina; Liniers market (Buenos Aires) steers, special, 460-490 kgs. live weight, for export. Australia frozen beef bone-in, steer and heifer slaughter weight average price to producers for hinds and crops. U.S. Chicago, good steers live-weight 900-1100 lbs

Pigs U.S. Chicago, barrows and gilts, live-weight, 220-240 lbs, choice quality.

Grains

Wheat Canada I No. 1 Northern Manitoba, basis in store Port William-Port Arthur inside IWA.
U.S. No. 2 Red Winter cash price at Chicago.
Canada II No. 3 Northern Manitoba, outside IWA.

Maize U.S.; No. 3 yellow cash price Chicago.

Sugar and Vegetable Oils

Sugar f.o.b. export price to destinations other than U.S. (No. 4 contract).

Coconut oil 3 ½ %, [illegible], c.i.f. European port.

Linseed oil No. 1 C.W. cash price to producers

Beverages

Cocoa Accra, spot New York.

Coffee Brazilian Santos No. 4, ex-dock, New York.

Tea Calcutta, for export (leaf) auction price excludes export duty and excise.

Forest Products

Sawn softwood 2 ½ x 7 Redwood batten f.o.b.

Pulpwood f.o.b.

Wood pulp Bleached sulphate average monthly export value.

Newsprint Average monthly export value.

Raw Materials

Rubber U.S. wholesale, smoked sheet N.Y.

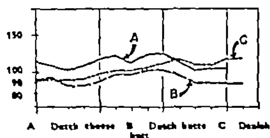
Wool U.K., 64 Dominion clean cost delivered in the U.K.

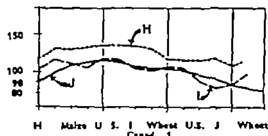
Cotton Karnak, good Alexandria.

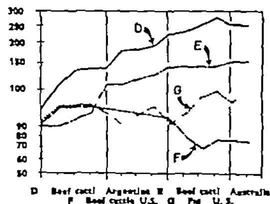
Jute Pakistan, middle quality Narayanganj.

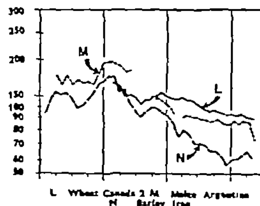
FIGURE IX — Movement of Prices of Selected Agricultural and Forestry Products
(January June 1950 = 100)

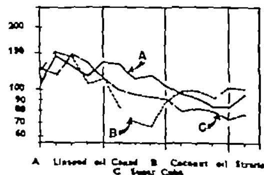
(Semi-logarithmic scale)

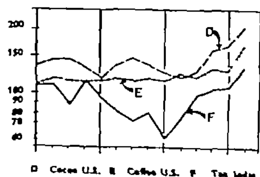


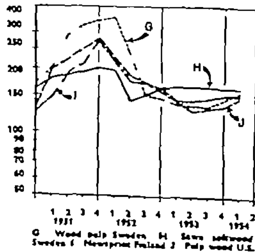


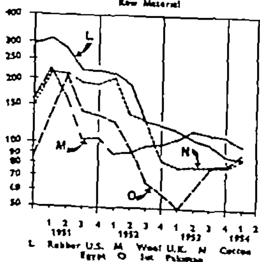












sharply Beef cattle prices became steadier after the marked fall in North America and the marked rise in Southern Hemisphere exporting countries during 1952/53 Prices of pigs tended to increase in North America, and in some but not all, countries in Western Europe. The general effect of these changes was to reduce the existing wide disparities in livestock prices in different parts of the world.

In the raw materials group prices have been generally stable There was a slow downward trend of rubber prices during 1953 but the market for rubber and also for cotton became firmer in early 1954, while there was an appreciable rise in jute prices following drastic restrictions on production. Wool and hides showed no definite price trends. Tobacco prices were firmer in North America but tended to fall elsewhere Prices of forest products remained remarkably stable some 20-30 percent below the 1951 boom level but slightly higher than at the end of 1952.

A characteristic aspect of the development of forest products prices is the time lag between the fellings of roundwood and the marketing of finished products which varies from one to three years though changes in market conditions affect prices of raw materials and finished products simultaneously This explains the financial difficulties of the forest industries in the main exporting countries in 1952/53 Changes in market prices are also reflected considerably later in international trade. Thus while prices already had become stabilized and even showed some advances in 1953 the value of exports by the northern European countries in this year was lower than in 1952 despite a larger volume of trade

For many agricultural products the downward movement of prices in 1953/54 would of course have been much greater but for various stabilization schemes. The restrictions of sugar and jute production have already been mentioned Similarly the recovery of cotton prices was only possible because of the withdrawal from the market of excess supplies in the United States Again the halt in the downward trend of rubber prices was partly due to the suspension in the United States of rotation stocks sales and a systematic limitation on the output of synthetic rubber

Price support schemes have maintained the domestic price levels for cereals in many countries but have not prevented a considerable fall in prices on the international markets Lack of storage space has intensified the pressure to sell in some countries e.g., Australia, Burma Canada and Turkey With increasing competition, free wheat export prices have declined to the same level as prices under the International Wheat Agreement, and the latter throughout 1953/54 were for the first time significantly below the maximum level of the renewed Agreement. Many wheat exporters, including the United States, Argentina, Turkey France and Sweden have made greater use of subsidies in order to remain competitive. In early June 1954 the United States Government increased the subsidy on wheat exports from 45 to 55 cents per bushel, East Coast ports (equivalent to $16.5 to $20.2 per metric ton) and soon after the Canadian Wheat Board also decided to reduce export

TABLE 14. WHEAT: COMPARISON OF PRODUCER AND EXPORT PRICES

COUNTRY	Estimated average prices to producers		Average value of exports f.o.b.			
	1952/53	1953/54	July/Dec 1952	Jan./June 1953	July/Dec. 1953	Jan./March 1954
	U S dollars per metric ton					
Sweden	106	[1]95	104	93	81	69
France	103	103	93	81	94	68
Argentina	100	[2]100	—	[7]95	[7]79	[7]72
United States	[1]77	[3]73	79	77	82	71
Canada	[4]62	[4]61	69	73	73	72
Australia	[5]62	[5]52	71	73	74	68
Turkey	106	106	125	108	87	

[1] Estimated average return to producers
[2] Guaranteed price to producers
[3] Average for first nine months of 1953/54
[4] Average for No. 1 Northern Port Arthur or Vancouver
[5] Initial payment to growers, subject to final adjustment.
[6] Estimated cost of production which is guaranteed to producers final realization not yet known.
[7] C.i.f. price of Argentine wheat at North Atlantic ports; average under Jan./June 1953 relates only to March/June
[8] Not available
— None or negligible
SOURCES National statistics and data on average returns to producers supplied by governments to FAO

prices by 10 1/2 cents per bushel. Similar conditions are developing in the coarse grains market. In May 1954 the United States announced an export subsidy of 15 cents per bushel (U.S.$6 to 7 per metric ton) on shipments of barley, maize and rye and of 10 cents per bushel (about U.S. $7 per metric ton) on shipments of oats. Cereals are the most striking but not the only example of subsidized exports. Thus the United States has offered surplus butter for export at 40-45 cents per pound compared with the domestic price of about 60 cents, and Norway, Sweden, Finland and Ireland have also exported butter at prices substantially lower than those paid to domestic producers. The same is true of exports of cheese from Austria, meat and slaughter cattle from France and Switzerland, linseed oil and dried beans from the United States, and sugar from France, Belgium and Denmark.

Nevertheless it would be wrong to think of the trend of agricultural prices, or even of food prices, as universally downward. As already noted, prices of a number of commodities are rising. Still more significant, the price index for all foodstuffs imported by OEEC countries, the largest world market for agricultural imports, showed no significant decline during 1953 and rose sharply in the first quarter of 1954, while a similar index for the United Kingdom fell by only two percent during the year. The fall in prices of cereals and sugar thus appears to have been offset by rising prices of vegetable oils and beverages and of livestock products imported into the United Kingdom.

TABLE 15. PRICE INDICES OF IMPORTED FOODSTUFFS

COUNTRY	First quarter 1953	Second quarter 1953	Third quarter 1953	Fourth quarter 1953	First quarter 1954
	1952 = 100				
All OEEC countries	101	100	100	100	104
United Kingdom	97	98	96	95	95

First two months.
SOURCE: OEEC and United Kingdom statistics.

Farm Prices

The increasing pressure of supply in many commodities was reflected in farm price levels despite the operation of price support policies. The decline was naturally sharpest in the major surplus countries. In the United States and Canada the farm price indices fell by a further six percent and eleven percent respectively during 1953, though they recovered slightly in the first quarter of 1954. In Western Europe farm prices have been considerably more stable. Comparing the first quarter of 1953 with the first quarter of 1954, the index of farm prices fell by two to three percent in Ireland, Denmark, Finland and the United Kingdom, showed not more than one percent change in Austria, the Netherlands and Switzerland and rose by two to six percent in Western Germany, Belgium and Norway. In France and Italy wholesale prices of agricultural products, which usually follow farm prices rather closely, fell by two to three percent.

Unfortunately rather few comparable indices are available outside North America and Europe. The farm price index fell by about two percent in South Africa and by six percent in Australia, while in Mexico wholesale prices of agricultural products rose by six percent. Prices also tended to rise in the Far East; the index of wholesale prices rose by about one percent during 1953 in Burma and in India by seven percent, while in Japan the poor harvest drove the farm price index up by 13 percent.

There is little doubt that, e.g., Western European farm prices would have been less stable without the operation of price support policies, but this does not fully account for the difference in price trends between that region and North America. By no means all Western European products are covered by price support measures, and on the whole price support schemes are as comprehensive in North America as in Western Europe. Moreover, the relative stability of farm prices was evident in European exporting countries such as Denmark as well as in importing countries. The main explanation seems to lie in the greater imbalance between production and requirements in North America than in Europe.

Nevertheless the sudden inflation of the cost to the taxpayer of farm price support policies in both North America and Western Europe is causing concern to governments and also to producers who see the continuation of their outlets threatened and fear a sharp fall in prices. In Western European countries, for example, the guaranteed prices of cereals, until recently usually comparable with or below the cost of imported supplies, are now generally above world market levels, particularly with the increasing tendency to subsidize exports; the cost of the guarantees has thus become substantial. In the United States the current level of support prices for wheat intensifi

4

ed by a series of good harvests, has led to a volume of production well beyond the capacity of the domestic and the shrinking export market and has involved the government in heavy expenditures. In other cases where guaranteed prices were intentionally fixed at a high level as an incentive to production, e.g. for livestock products in some Western European countries, the expansion of production has outrun the absorptive capacity of *the market at current price levels.* Moreover high support prices e.g. for butter have sometimes encouraged a transfer of demand to alternative products. With the fall in world prices and increased production of some foodstuffs, subsidies which originally could be regarded primarily as consumer subsidies are now becoming largely producer subsidies, e.g., milk and wheat in the United Kingdom.

No country has yet abandoned its farm price support policy but there is some tendency to reduce price support levels and more than one government is feeling its way toward a limitation of its commitments or a more flexible price support system. In the United States the parity ratio for dairy products has been reduced from 90 to 75 percent and a flexible parity system with support levels changing in accordance with the supply situation has been proposed. In the United Kingdom guaranteed prices for pigs and milk were slightly reduced at the February 1954 price review and the guaranteed price for milk limited to a certain volume of production. There have also been changes in the methods of implementing price supports, particularly for cereals and meat, following the return to private trading these changes leave considerably more play to market demand. Sweden has reduced guaranteed prices of breadgrains butter and eggs and restricted the guarantee to sales on the domestic market. In France lower guaranteed prices are to be announced at the end of July for wheat and are under consideration for milk. Other examples could be quoted.

Outside North America and Western Europe farm price support policies are less widely developed but similar problems seem likely to arise. For example guaranteed prices to rice growers show a very wide variation from country to country e.g. the price paid in Ceylon is four times that in Burma at current exchange rates. Export prices of rice are still high in relation to the recently reduced prices of wheat. Although some examples could be mentioned e.g. the abandonment in Brazil of price supports for the 1951 cotton crop the plans of the Government of Uruguay to reduce the guaranteed wheat producers price there has so far been hardly any tendency to change farm price policies in these regions most countries are continuing their efforts to expand production, including the production of commodities such as cereals and sugar which are in surplus supply in other countries. In the long run, however in these regions as in North America and Western Europe the probable outlook is for lower farm prices and lower price supports for products for which large surpluses exist.

Retail Food Prices

In most countries retail food prices remained *rather stable in 1953. The last effects of inflationary* pressures raised indices of retail food prices by 22 percent in Brazil from the last quarter of 1952 to the last quarter of 1953 by 10 to 15 percent in Japan, Indonesia and Iran, and by about seven percent in Pakistan, Australia and New Zealand. There was a fall of some five percent in France Egypt Cuba and Mexico but in most other countries indices of retail food prices changed by no more than a few points during the year.

An unsatisfactory feature of recent price trends has been the unusually slow and limited response of retail prices to changes in wholesale prices, and the widening gap between the cost of food at the farm gate and the cost to the consumer. This tendency is very apparent in North America. During the years 1952 and 1953 farm prices fell by 17 percent in U.S.A. and 23 percent in Canada and were followed closely by wholesale prices but retail food prices fell in the same period by only two percent and eight percent respectively (Table 16). A similar trend is evident in some European countries, e.g. Italy and Belgium, where farm prices fell somewhat during the past two years while retail prices continued to creep upwards. In some instances, however e.g. the United Kingdom and Norway the divergent price trends were largely due to the reduction of consumer food subsidies.

As it is only the retail price which affects the final demand, the rigidity of retail prices despite falling farm and wholesale prices must have reduced the expansion of demand which might have followed from lower farm prices, and in this way contributed to the piling up of surpluses and tended to reduce farm prices still further.

Farm and retail price indices are not strictly comparable in that the farm indices include raw materials which do not appear in the retail indices

FIGURE X — U.S.A. Distribution of Retail Cost of Domestically Produced Food between Farm Value and Marketing Costs (Including Transport and Processing)



SOURCE U.S. Department of Agriculture, Mark ti g Tra s port Sit ation February 1954

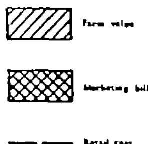


TABLE 16. PERCENTAGE CHANGE IN INDICES, FARM PRICES, WHOLESALE PRICES OF AGRICULTURAL PRODUCTS AND RETAIL FOOD PRICES

COUNTRY	Farm price index		Wholesale prices of agric product		Index of retail food price	
	Perce tage change					
North America						
U.S.A	—	17	—	15	—	2
Canada	—	23	—	[*]2	—	8
Western Europe						
United Kingdom	+	1	+	1	+	13
Germany (Western)	—	6	—	5	—	4
France			—	6	—	2
Italy			+	5	+	6
Finland.	—	4	+	2	+	3
Norway	+	7	+	6	+	13
Sweden.						
Denmark	—	4	—	[1]2	+	6
Netherlands.	—	3	—	4		0
Belgium	—	6	—	5	+	2
Ireland, Rep of	+	10	+	8	+	17
Switzerland	—	1	—	[*]2	+	1
Austria	—	2	—	3	+	2
Other Areas						
Mexico			+	1	+	4
Australia (NSW)	—	[*]4	+	[*]18	+	17
South Africa	+	13	—	[*]18	+	21
Egypt			—	[*]6	—	10
Japan	+	16	+	9	+	12
India.			—	19	—	1
Burma			—	9	—	3

T Oct ber Novembe 1953
To July August 1953
Excluding wool.
Food and tobacco onl
Unweighted average for different food products.
General wholesale prices.
Not vailable

(these form an appreciable part of the farm out put in the United States Mexico South Africa and Egypt among the countries included in Table 16) while the retail prices cover imported as well as home produced foods. These differences in coverage may affect the magnitude of the percentage changes shown in Table 16 but do not appear to affect their general implication For example during the two years under review farm prices of a " market basket of domestical ly produced foods in the United States fell by over ten percent and retail prices of the same foods by less than four percent while marketing costs increased by nearly three percent

A recent survey of available data brings out how largely the cost of food processing and distri bution bulks in the retail price. In eight countries for which fairly comprehensive estimates have been made these marketing charges represented from 30 percent up to 50 percent and at times

nearly 70 percent of the final cost to the consumer of his total purchases of food.[1] Thus in the United States, for which the data are most complete, marketing costs amounted to 68 percent of the retail cost of food in 1932 during the depression fell to 40 percent in 1945 in the period of wartime control, and rose again to 52 percent during the years 1948-51 and to 55 percent in 1953/54 It is evident, therefore, that greater efficiency in marketing and economies in the cost of processing and distribution can be comparable in importance to greater efficiency and reductions of cost on the production side in bringing foodstuffs within the purchasing power of consumers and thus raising food consumption levels and nutritional standards It is equally evident that lower production costs will be ineffective for this purpose if they are absorbed in the marketing margin and not passed on to the consumer

Farm Incomes

Farm incomes depend not only on the level of prices of agricultural products, but also on the volume of production and the ratio between the prices received by farmers and those they pay for fertilizers machinery and other necessary farm requisites. Rather few countries publish statistics of such price ratios and in most of these the movement of prices during the past few years has operated to the disadvantage of farmers (Table 17) The decline has been much more marked in North America however than in Europe where in some countries, e.g Switzerland and Finland, price relationships have remained remarkably constant during the past three years. Japan is an exception to the general trend and there recent price movements have tended to benefit farmers.

In North America the decline of the price ratio in the past three years has been due mainly to falling farm prices the level of prices which farmers have to pay showing relatively little change. On the other hand, where the ratio has fallen in European countries (e. g Western Germany Belgium the Netherlands) the effect has been primarily due to the rising prices of farm requisites

Estimates of farm incomes themselves are prepared annually by a limited number of countries, mainly in the more developed regions and show a similar trend. Thus in North America for which income data are the most complete farm incomes rose to a peak in 1951 after the recession of 1949 but have since fallen steadily and in both the United States and Canada were rather more than 20 percent less in 1953 than in 1951 The percentage fall is about the same both in terms of money and of real purchasing power (net income deflated by cost of living index) and also for farmers and for agricultural incomes as a whole, including the wages of paid farm workers. As the number of people engaged in agriculture is falling however the decline in per caput farm incomes would be rather less than in farm incomes as a whole In North America the fall in prices of farm products was almost entirely responsible for the decline in agricultural incomes as both the total volume of production and production costs showed relatively little change.

In Western European countries, on the other hand both the net incomes of farmers and total agricultural incomes (including farm workers wages) have been maintained or have tended to rise since 1951 in terms of money though not always in terms of purchasing power Not all countries making such estimates, however have yet published figures for 1953 or 1953/54 The greater stability of farm incomes in Europe than in North America results partly from the firmer prices of farm products and partly from the sharp increase in the volume of production. Gross returns to farmers have therefore increased and this has largely offset the rising costs of production resulting from the increased prices of farm requisites.

Farm incomes in Oceania have fluctuated sharply in terms of money falling heavily from the 1951 peak to 1952 but recovering considerably in 1953 Owing to inflationary tendencies only brought to a halt in 1953 the purchasing power of farm incomes has fallen however since 1951 Recent movements of farm incomes from year to year in one country from each of the above regions the United States the United Kingdom and Australia, are illustrated in Figure XI. Unfortunately comparable data are not available for countries outside these regions.

In 1954 farm incomes in the United States are expected to decline by around five percent compared with 1953 because of a continuing adverse movement of prices and a smaller volume of production as a result of restrictions. Production restric

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[1] The size of the marketing margin varies not only with the efficiency of marketing, but also with the kind of food mainly consumed (the over all margin naturally tends to be larger when bulky perishable or highly processed foods form a large part of the diet) and with the type of service provided to the customer In more advanced countries, savings due to the greater efficiency of marketing tend to be offset by more elaborate services and a higher degree of processing

TABLE 17 RATIO OF PRICES RECEIVED AND PRICES PAID BY FARMERS

Country	Item	1951	1952	1953 Jan/Jun	1953 July/Dec	1954 Jan/March
		January-June 1950 = 100				
United States	(a) Prices received	125	110	100	103	107
	(b) Prices paid	113	114	112	111	113
	(c) Ratio a/b	111	104	97	93	95
Canada	(a) Prices received	117	107	102	94	92
	(b) Prices paid	110	114	113	114	111
	(c) Ratio a/b	106	94	90	82	83
Belgium	(a) Prices received	106	111	107	105	[1]108
	(b) Prices paid	110	114	120	121	[1]122
	(c) Ratio a/b	96	97	89	87	[1]89
Finland	(a) Prices received	124	126	123	121	122
	(b) Prices paid	126	119	121	121	122
	(c) Ratio a/b	[2]98	106	102	100	100
Netherlands	(a) Prices received	112	122	114	113	118
	(b) Prices paid	115	126	125	122	127
	(c) Ratio a/b	97	97	91	94	93
Norway	(a) Prices received	111	120	115	120	126
	(b) Prices paid	124	132	136	135	137
	(c) Ratio a/b	92	91	85	89	92
Germany (Western)	(a) Prices received	111	118	111	113	114
	(b) Prices paid	121	131	132	130	130
	(c) Ratio a/b	92	90	84	87	88
Japan	(a) Prices received	127	140	145	154	162
	(b) Prices paid	128	131	131	133	140
	(c) Ratio a/b	[2]99	107	110	114	116
Switzerland	(a) Prices received	103	104	103	103	104
	(b) Prices paid	106	109	108	107	106
	(c) Ratio a/b	97	95	95	96	98

[1] January-February 1954
[2] July-December 1951

tions in the United States will operate still more strongly in 1955. Similar tendencies are likely in Canada during 1954, particularly in view of farmers' intention to reduce the wheat acreage, though some of this area will be transferred to other crops.

In Oceania, on the other hand, farm incomes may increase in 1954 compared with 1953. Although costs may continue to rise slowly, firmer prices for wool and slight increases in prices for the remaining contracts with the United Kingdom may outweigh any weakening in the export market for wheat. Moreover incomes will be augmented by the somewhat increased volume of production.

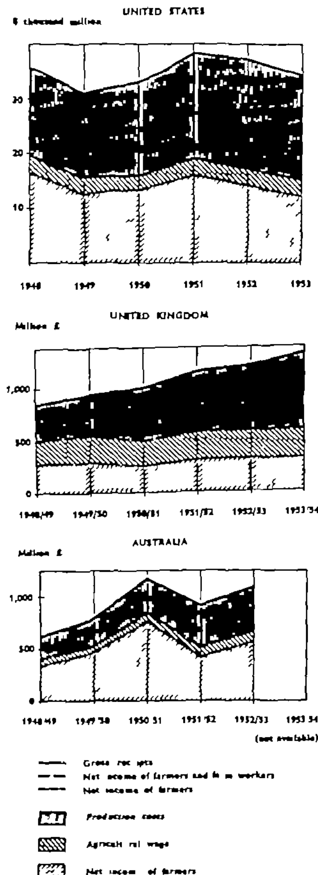
For Western Europe prospects are that the relative stability of farm incomes may be maintained in spite of increased competition from overseas supplies and a tendency to reduce price support levels, since it is the policy of a number of governments to maintain a reasonable stability of farm incomes. Moreover, the lower cost of imported coarse grains is a favorable factor in the important livestock sector. It is too early to say how the volume of output in 1954 will compare with the very large 1953 production, but there are at least no restrictions on production as in some other areas.

The above paragraphs are based in the main on estimates prepared by the agricultural authorities of the countries concerned. In addition, however, national income statistics published by the United Nations[1] on the basis of information supplied by the countries themselves, show the industrial origin of the net domestic product. They thus provide a basis for roughly estimating how incomes in the agricultural sector, including forestry and fisheries, have moved in relation to incomes in other occupations (Table 18).

A number of points come out of these comparisons. In the first place, only in New Zealand

[1] UN Statistical Series H, No. 5, February 1954

FIGURE XI — Agricultural Incomes in the United States, United Kingdom and Australia at Current Prices



among the countries listed have average agricultural incomes in recent years been consistently higher than average incomes in other occupations. Rough parity between farm and non farm incomes appears to have been reached in the United Kingdom and the divergence is not very great in Western Germany and Denmark. In most countries, however per caput incomes in agriculture range from two-thirds to one-half of those in other occupations as a whole and are sometimes even lower The estimates do not include any income received by the farm population from non-agricultural sources, e.g., handicrafts or part-time employment in industry and services, but these receipts would be too small to have much effect on the general picture. The estimates are however influenced to some extent by the fact that in most countries there tend to be a larger number of children in farm than in urban families. The figures, of course show only the comparative position in each country and tell nothing of the absolute level of incomes. It is certain, for example, that average farm incomes in the United States are much larger than in many countries with higher percentage ratios, and the rather low figures for the United States in Table 16 reflect the high incomes gained outside agriculture rather than a low level of farm income

For all countries for which the comparison is available the relative position of agriculture has improved substantially compared with 1938, when, however agricultural incomes were still seriously affected by the depression of the thirties. Post war trends vary from country to country Thus in Western Germany Denmark and Turkey the relative position of the farmer seems to be gradually improving In Austria Ireland Peru and the Philippines, to quote only a few examples he seems at least to be holding his own. On the other hand in some countries, including Japan, Italy Belgium and to a less extent the United States and Norway agricultural incomes have lost ground in relation to incomes in other industries during the past few years.

The margin of error in estimates of this kind must be considerable and the concepts of national income and farm population vary somewhat from country to country No account should therefore be taken of small differences between countries. The year to year estimates for single countries, however should be more comparable and probably reveal general trends without excessive distortion. On the whole it appears that while farmers have improved their relative position in most parts of the world in comparison with the thirties, those

Table 18 Per Caput Incomes in Agriculture, Forestry and Fisheries as a Percentage of Per Caput Incomes in All Other Occupations

Country	1938	1948	1949	1950	1951	1952
			Percent			
New Zealand		150	156	204	132	
United Kingdom		101	103	93	89	93
Germany (Western)	44	67	72	80	83	95
Denmark	67	77	82	81	78	87
Austria		59	60	65	60	63
Canada	23	62	67	55	68	60
Turkey	30	51	42	5	61	60
Greece		58	61	51	56	56
Finland	55	71	52	60	58	52
Norway		50	58	52	51	52
Ireland (Rep. of)	31	48	47	44	44	48
Italy	48	70	57	54	47	44
United States	33	55	44	48	44	42
Belgium		45	47	41	40	
Peru		36	37	41	40	
Japan		40	35	32	33	
Philippines		31	29	29	34	32

Not available

Sources Based on UN estimates of national income and FAO estimates of agricultural population.

gains are not everywhere being held and in a good many countries farm incomes are once more falling further behind incomes in other occupations

INVESTMENT AND CREDIT

Although over-all statistics of public and private funds invested in agriculture are very inadequate it is well known that lack of capital is a major factor retarding agricultural development in most parts of the world and particularly in the Far East and Latin America. Not much progress can be reported in the provision of funds for agriculture in recent years, except to some extent in the mobilization of domestic capital.

Some attempts have been made however to facilitate the investment of foreign capital. A number of capital importing countries have adopted measures to attract more foreign capital, and the United States, the largest capital exporting country has reduced taxes on profits from foreign investment A recent United Nations report[1] estimated the current net annual outflow of private capital at about $2,000 million, no more than the level reached in the 1920 s despite the marked decline in the real purchasing power of money and the large expansion of the world s economy This figure is of course the total for all industries, and to all countries including such developed countries as Canada. The report emphasizes the tendency for the bulk of such funds to be invested in enterprises under the managerial control of the foreign investor which appreciably limits the possibility of investment in agriculture

The International Bank has remained the most important source of public funds in the field of foreign investment and in the last fiscal year the total of loans authorized increased considerably Those directly aiding agriculture however remained about constant so that the share of agriculture declined Agriculture of course benefits indirectly from substantially increased loans for e.g electric power and transportation facilities.

The United States Export Import Bank maintained in 1953 the same level of loan authorizations as in the previous year but granted none directly aiding agriculture. There has been some revival of portfolio investment particularly in Swiss capital exports, but these contribute to agricultural development only marginally in strengthening the currency position of the borrowing countries. Financing of colonial development continues with increasing direct borrowing of colonial governments or individual enterprises on the metropoli

[1] *The International Flow of Private Capital 1946 1952* (E/2531) United Nations, New York, January 1954

Table 19 International Bank for Reconstruction and Development Loans Authorized in 1952/1953 and 1953/54

Item	1 July 1952 to 30 June 1953	1 July 1953 to 30 June 1954
	Million U S dollars	
Total loans authorised	178.7	289.1
Directly aiding agriculture	[1]42.2	[2]43.0
Machinery and spare parts	1.3	2.9
Irrigation and flood control	19.5	5.0
Grain storage	—	0.3
Timber equipment	3.5	—
Processing industries	0.9	20.0
Multi purpose loans	17.0	14.8
Indirectly aiding agriculture	42.0	213.7
Transport	42.0	104.6
Power	—	109.1
Other	[3]94.5	33.4
	Percent	
Percent directly aiding agriculture	23.6	14.9

[1] Includes credits to Australia, Finland, Iceland, India and Peru.
[2] Includes credits to Australia, Iceland, Italy, Panama and Peru.
[3] Includes a credit of $30 million to Yugoslavia, partly for utilization of forest resources and production of superphosphates.
— None or negligible
Source: IBRD *Annual Report 1952/53* and press releases

tan markets in addition to loans from metropolitan governments and financial institutions.

Domestic sources still, however, provide the great bulk of the funds for agriculture. Agricultural credit from public or co-operative organizations is probably the largest source of domestic capital, and an analysis of the recent supply of such funds in 34 countries during 1951 and 1952 is given in Annex Table II. The largest amount of loans, of the order of $3 000 million in both years was issued in the United States. In France and Japan such loans exceeded $1 000 million, while in many other countries total loans were also substantial. The data do not, however, cover all loans to agriculture in these countries; major sources, for example, not covered by the table are merchants in agricultural requisites and, especially in less developed countries, private money lenders.

The growing need to develop their agriculture has led many countries in recent years to expand their systems of agricultural credit. This has been done in three main ways: by setting up special institutions where these were previously lacking, by enlarging the role of the Central Banks in providing funds to agriculture, and by reorganizing and strengthening the co-operative credit movement. Annex Table II suggests in fact some increase in the provision of farm credit in 1952 compared with 1951. Thus of 20 countries for which comparable data are available 13 showed increased loans in 1952, against one with no change and 6 which reduced the level of lending. For these countries, however, total loans issued in 1952 were four percent lower than in 1951, the over-all figures being considerably affected by a marked decline in the rate of lending in the United States. Loans outstanding at the end of 1952 were higher in 17 of the 21 countries for which comparative figures are available and lower in only four. Total loans outstanding at the end of 1952 for the 21 countries were 12 percent higher than a year earlier.

The very different level of credit facilities in different regions and countries, however, is evident from Table 20, which relates the amount of loans issued in 1952 to the agricultural area (arable equivalent) and the agricultural population. On an area basis, loans tend to be highest in fairly advanced countries with a considerable pressure of rural population such as Japan, Italy and Belgium. On a per caput basis they are highest in advanced countries with a high agricultural output per man (e.g. New Zealand, United States) or with well-developed co-operative organizations (e.g. Scandinavian countries). They are also high in Israel where special attention is being given to agricultural development. The table emphasizes, however, the extreme inadequacy of institutional agricultural credit on either basis of comparison in most countries in the Far East, the Near East, Africa and Latin America. The greatest difficulty in providing adequate credit facilities in under-developed countries is admittedly the general shortage of capital, but it appears that in many cases lack of proper financing institutions has been largely responsible for their inability to mobilize for agricultural development even the limited domestic resources available.

Commercial banks are an important source of agricultural credit in more advanced countries. In the United States, for example, 51 percent of the total agricultural credit outstanding at the end of 1952 came from commercial banks and insurance companies (including in this case much of the long term or farm real estate loans), while in Italy the corresponding figure was 56 percent, in Mexico 38 percent, in New Zealand 28 percent and in Norway and Sweden 12 percent. Com

TABLE 30 OUTSTANDING INSTITUTIONAL AGRICULTURAL CREDIT AT END 103* IN RELATION TO AGRICULTURAL AREA AND AGRICULTURAL POPULATION

Amount	Country
Average loans outstanding $ per hectare of agricultural land (arable equivalent)	
Above $100	Japan
Between $ 80 and $100	—
$ 60 and $ 80	Italy
$ 40 and $ 60	Belgium
$ 20 and $ 40	France USA Philippines, New Zealand
$ 10 and $ 20	Brazil
$ 5 and $ 10	Yugoslavia Ceylon, Algeria, Egypt Turkey
$ 1 and $ 5	Malaya Southern Rhodesia Syria, India* Mexico
Average loans outstanding per head of agricultural population	
Above $500	New Zealand
Between $400 and $500	Sweden, Israel
$300 and $400	USA Chile
$*00 and $300	Finland, Norway
$100 and $200	—
$ 50 and $100	Belgium, France Italy
$ 25 and $ 50	Austria West Germany Cyprus
$ 15 and $ 25	Brazil Japan
$ 5 and $ 15	Yugoslavia, Philippines, Mexico Algeria
$ 1 and $ 5	Ceylon, Malaya, Egypt Turkey
Less than $ 1	India*

NOTE It should be borne in mind that figures in this table refer to credits granted by financial institutions (banks, insurance companies, co-operatives etc.) only and do not cover advances by merchants dealers, private money-lenders, etc. The latter of course play an important role particularly in the more underdeveloped areas.
Agricultural land covers arable land (including orchards and fallow), permanent pastures and rough grazing where data for the latter are available Unimproved pastures and rough grazings have been converted to arable land equivalent by a rough conversion factor usually of one tenth
Loans outstanding at end 1951
Estimated total population directly dependent on agriculture see *FAO Year Book of Agricultural Statistics*

mercial banks are not, however an important source of credit for small or subsistence farmers and play a minor part in countries where subsistence farming predominates.

Co-operative societies cater for the needs of both large and small farmers. They are the main direct source of institutional short term credit in a number of countries especially in Europe They contributed, for example 55 percent of the loans outstanding at the end of 1952 in Austria, 44 percent in Sweden, 36 percent in Finland 30 percent in Belgium and 21 percent in Germany They were also very important in Japan with a contribution of 64 percent In Turkey with 45 percent and in Israel twelve percent In other countries in the Near East and in Latin America the contribution of co-operatives is negligible In India and Pakistan they were the largest single source of institutional credit though the actual funds provided were very small

Specialized banks and other institutions play an important part in financing long term agricultural projects in most countries of Europe and North America, and also in some less developed countries In most under-developed countries however such institutions have still to be established. Specialized institutions have been set up in recent years in Western Europe in Latin America and in the Far East. An interesting development in the Near East is the proposal now under consideration to establish a common bank for all Arab countries which would inter alia make loans to agricultural or industrial credit institutions.

Fear of adding to inflationary pressures and limited capital resources have underlined the need to make the most rational use of agricultural credit This has been sought by direct government control of major loans and investments in agriculture by centralized administration through the central banks or other official agencies as in Australia and India and by adjustment of interest rates as in the United Kingdom To a certain extent control is exercised also through the supervision of credits granted e.g in the United States and some Latin American countries

THE DEMAND OUTLOOK

The future level of world economic activity and hence the level of demand for agricultural products will be influenced largely by the situation in North America If the recession there were intensified and protracted its effect would be bound to spread to an increasing degree to other countries. The situation in North America is therefore discussed below in some detail.

As pointed out earlier most major economic indicators have been declining in the United States although the fall slowed down in the first quarter of 1954 and the available data for May and early June suggested some slight improvement But there are still some adverse signs particularly in the continuing reduced rate of new orders for manufactures, especially of machine tools, in the expected decline of expenditures for new plant and equipment and in the indications that the reduction of inventories is not yet at an end. On the other hand the general climate is still rather optimistic

Outlays for new construction are rising and this trend seems likely to continue while the remarkable rise in industrial share prices in the spring of 1954 though largely due to lower taxes on profits also reflected the confidence of investors many of them cautious institutional investors.

Although Federal budget expenditures are to be reduced the decline in the net cash balance will be very small The slow rise in local government spending is likely to continue. Moreover if the fall in inventories tapers off gross private investment should not be very different from the 1953/54 level *As no further major changes* seem likely in other components of the gross national product the level of United States economic activity in 1954/55 will depend largely on consumer expenditures. Thus variations in consumer expenditures which in recent years have accounted for over 60 percent of the gross national product are likely to determine whether the level of economic activities will go up or down.

The decline in personal incomes due to higher unemployment shorter working weeks and falling farm incomes in 1953/54 is being partly offset by reductions in income taxes Actual consumption expenditures are therefore likely to fall less than might have been expected from the decline of industrial production and reduced government expenditures, and may be encouraged by lower excise taxes On the other hand surveys suggest that purchases of houses automobiles and other durable goods will be lower in 1954 than in 1953

Government action may also influence economic developments Some action has in fact already been taken e g by the Federal Reserve Bank by purchases of government securities designed to expand the money supply and by two reductions in reserve requirements and by reductions in discount rates. Congress, *in addition to tax adjustments*, has provided additional funds in 1954 for road construction and public buildings. These measures are widely credited with restraining the deflationary movements of the last nine months. But they have not prevented the gradual decline and in order to reverse this trend much stronger measures may be needed. Although the present United States administration is guided by a philosophy of the least possible interference with the market mechanism it has stated that "it will not hesitate to make greater use of monetary debt management and credit policy including liberalized use of Federal Insurance of private obligations, or to modify the tax structure or to reduce taxes or to expand on a large scale the construction of useful public works, or to take any other steps that may be necessary "[1] However the effectiveness of any such measures may depend largely on how quickly the necessary legislative and administrative action can be taken.

On the whole it seems likely that unless substantial new measures are adopted by the government United States business activity and hence the level of demand in 1954 may average at or a little below the level of the first quarter of the year In that case the domestic demand for consumer goods would probably be very little *below its present level thus providing a market* for about the same volume of farm products at somewhat reduced prices. The foreign demand for United States products, which has shown a downward trend since mid 1953 may be stabilized at or slightly below the level of early 1954 Thus the main agricultural problems of 1954/55 are likely to be due to excessive supplies rather than shrinking demand.

In 1955/56 there may be some further modification of United States government policies to restore the growth of economic activity and to lead to fuller employment. But apart from a new increase in military expenditure, the rate of recovery seems unlikely to restore the national product fully to the per caput level of 1953/54 International prices of farm products have as yet (with the exception of cereals) been little affected by North American surpluses, being partly insulated by the United States farm price support program. *The level of that price support* for the 1954 crop has been recently reduced for some commodities, however and may be lowered further Moreover the decision of the United States Commodity Credit Corporation to sell abroad at world market prices means that for some commodities United States price supports will no longer help to keep up the level of international prices.

In Canada 1954/55 is officially expected to be a time of slower expansion but not of recession. This view is partly based on a continuing high investment rate and on slightly higher government expenditures. The government is therefore budgeting for only limited tax concessions and for some easing of credit to prime the economy Difficulties are likely to continue in finding export markets not only for agricultural products but also for finished manufactures which are meeting increasing competition from the United States

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[1] *Economic Report of the President* U S Government Printing Office Washington, 1954 p. 113.

and Western Europe. However, even if the official view proves somewhat too optimistic, no decline in the domestic demand for agricultural products is likely.

There are no signs at present of any change in the generally favorable economic development of Western Europe and another prosperous year is likely if there is no sharpening of the recession in North America. This is the general tenor of all responsible economic forecasts. Thus the *United Kingdom Economic Survey* of 1954 expects that personal consumption will at least remain at its present level, that exports will not be seriously reduced and that production will continue to rise. It is hoped that internal savings will increase sufficiently not only to provide the necessary capital for domestic investment but also to continue financing economic development in the Commonwealth. In these circumstances, the demand for agricultural products is likely to increase; controls over food consumption and many remaining import restrictions have been removed.

The progress of economic expansion in Western Germany also seems to be assured. While real incomes of wage earners are unlikely to increase as much as in 1953, the rising volume of employment may lead to rising domestic consumption and a strong demand is probable for agricultural products. The French Government has adopted an 18-months program of economic expansion, designed to increase national income, industrial production, and the total wage bill by ten percent. If the program succeeds there should be a corresponding rise in domestic consumption and a sustained demand for agricultural products. There were some signs in early 1954 that economic conditions in France had begun to improve. In the rest of Western Europe, with the possible exception of Spain, economic development is also likely to improve though not at a uniform pace.

In spite of the remarkable improvement of Western Europe's balance of payments, particularly with the United States, there is still some danger of a recurrence of the dollar problem, as much of the improvement has been due to United States aid and off-shore purchases. The United States administration has requested only about $3,500 million for foreign operations in 1954/55, 25 percent less than in 1953/54, and this reduced request may be severely trimmed by Congress. Moreover, Europe's share may be lower. But taking into account unallocated funds and outstanding contracts, military aid and off-shore purchases are likely to be twice as large in 1954/55 as in the previous year.[1] This should maintain and might even increase the flow of dollars to Europe in comparison with 1953/54. Unless United States imports decline drastically, the dollar gap therefore seems unlikely to reappear in 1954/55 even though its underlying causes may not be permanently removed, and there should be no major renewed restrictions on trade in agricultural products.

The slow improvement in Latin America's economic situation is likely to continue in 1954/55 though the outlook is more uneven. Thus the less favorable terms of trade for countries exporting, e.g., grain, and the more favorable terms for those exporting, e.g., coffee, are likely to persist. Argentina is expected to show an upward turn in industrial production, and export difficulties for grain may be partly offset by improved prospects for wool and possibly meat. Any improvement for these products would also benefit Uruguay. The lower production of coffee in Brazil may be partly compensated by higher prices and perhaps a larger volume of other exports. Other coffee producers who have not suffered from frost damage will benefit still more from higher prices. If the present upswing in the demand for non-ferrous metals is sustained, Chile's and Bolivia's present balance of payments difficulties will be much eased. Mexico is expecting a higher level of agricultural production in 1954 and an improved balance of payments, but the effects on demand are obscured by the possible price rises due to the recent devaluation. Cuba's total output is likely to be adversely affected by further official restriction of the sugar crop. No major changes are expected in the other republics, though a lessening of inflationary pressures is possible. In view of the low level of income and consumption in most Latin American countries, any improvement in the economic situation should be quickly reflected in increased domestic demand.

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[1] At the beginning of 1954/55 the Foreign Operations Administration (FOA) still had about $9,800 million from previous appropriations not paid out and it is expected that total actual expenditures by FOA in 1954/55 will about equal the $5,000 million disbursed in 1953/54. Europe's share in the 1954/1955 requests of slightly over $900 million is about half of last year's, but in addition to dollars stemming from previous appropriations, there will be a continuation of military off-shore purchases in 1954/1955. In 1953 the value of military goods purchased abroad under "off-shore procurement contracts" amounted to $300 million. New contracts placed in that year were of the value of about $1,500 million and total contracts outstanding $1,000 million.

The main factors determining economic development in Oceania are the prospects of agricultural exports in 1954/55 which are generally favorable except for wheat The outlook for wool is favorable and exports of meat and dairy products to the United Kingdom market are secure despite the ending of long term contracts. The considerable economic improvement achieved in 1953/54 and continuing large development projects suggest that there will be no fall in the present high level of domestic demand.

With a probable increase in foreign demand for rubber jute and other Far Eastern products the terms of trade of the raw material exporting countries of the Far East may show some improvement in 1954/55 The coming year may witness a growing conflict between urgent claims for economic development and the pressing need for improvement of the current extremely low consumption level. Some countries are already committed to a policy of social welfare expenditures, which it would be difficult to curtail. It would be idle however to expect that expenditures on consumption and social welfare will cause the region's effective domestic or import demand for food and agricultural products to increase rapidly Most governments are taking a realistic view of their resources and giving increasing attention to planning economic development on an integrated basis. The interest expressed by several governments of the region in an increasing flow of foreign investment loans and grants is readily understood in the context of the extreme poverty of the peoples and almost universal urge for economic and social betterment mainly through self help.

In the Near East no major changes are expected in economic conditions and in the domestic demand for agricultural products. Countries without foreign aid or special sources of foreign revenue e.g from oil will continue to be hampered in their drive for economic development and for raising consumption levels. With growing agricultural production, the problem of finding export markets at remunerative prices for Turkish and Syrian grains and perhaps for cotton from Egypt Syria and Turkey may become more acute and there is little likelihood that improved terms of trade will expand their purchasing power for imports.

Summary

The effects on the rest of the world of a continuation and deepening of the United States recession would be serious indeed. If however as now seems more probable the down-swing in the United States is slowly coming to an end, the outlook for 1954/55 in the more advanced regions of the world — North America Western Europe and Oceania — is likely to be one of modest improvement. In that case the total demand for agricultural products may be expected to show some increase. Unless special measures are taken however the increase in demand is unlikely to affect to any great extent the existing problem of agricultural surpluses.

In the less developed parts of the world where the need to increase consumption is of course greatest there are no indications of any considerable expansion of the effective demand for agricultural products. In a few countries with large-scale development programs, governmental measures tend to limit any rise of demand resulting from expanded economic activities. With a low level of foreign investment and relatively small domestic capital resources, the major part of the cost of economic development has to come from current output if inflation and foreign exchange difficulties are to be avoided. A few countries are using deficit financing on a limited scale while others are trying to increase available investment funds through taxation and through encouraging and mobilizing domestic savings. Under such circumstances any increase in per caput effective demand will necessarily remain small.

Thus the general outlook for total demand in 1954/55 is one of slow increase, though not enough to greatly affect the surplus problem. In consequence prices of cereals and other products in heavy supply may be somewhat weaker in 1954/55 than they were in 1953/54 This emphasizes the need for a selective rather than an over-all expansion of agricultural production.

Looking further ahead, 1955/56 should see continued world economic progress with a corresponding expansion in the demand for agricultural products. World supplies of grain and most other foodstuffs will continue to be relatively abundant and no recovery in prices seems likely Food importing countries should therefore continue to enjoy favorable terms of trade and balances of payments, even though United States economic aid and military payments may decline Prices of coffee and other beverages seem likely to remain very remunerative For agricultural raw materials present indications are that the collapse after the Korean boom has passed its lowest point and that consumption and prices are again tending upwards. This tendency should be reinforced if the United States has recovered from the slight recession of 1953/54 and enlarges

its imports of raw materials and finished products and if European countries continue a high level of industrial production. Market prospects for raw material exporters mainly in the less developed regions therefore seem likely to improve

These relatively favorable developments however might be frustrated unless there is an effective readjustment of the expanded North American agricultural production to reduced international needs and a gradual working down of accumulated surpluses without severe pressure on world price levels. Present policies in North America are working toward these ends, though both and particularly the second, will be difficult of achievement They would be facilitated by economic recovery in the United States leading to an expanding domestic market

Chapter III

REGIONAL PROBLEMS AND POLICIES

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The previous chapter reviewed briefly the main developments in the world food and agriculture situation in 1953/54 discussed some recent trends and reached tentative conclusions on prospects for 1954/55 The chapter which follows examines the impact of the situation now emerging on the problems of agriculture in each region of the world and the shifts in agricultural policy which are being made in consequence In spite of large differences in conditions and problems, a number of common trends seem to be emerging in the agricultural policies of many though not all, countries in widely separated regions and some comment on these trends may be useful before proceeding to a region by region discussion.

The most striking is perhaps the growing tendency in many countries toward agricultural self sufficiency Formerly autarchic policies in agriculture were adopted mainly for the economic protection of farmers or for defense reasons. Both motives still operate but since the war they have been powerfully reinforced by balance-of payments difficulties, and also by the increasing interest of governments in fostering general economic development. This often makes them reluctant to spend foreign exchange on agricultural imports in order to maximize the funds available for the import of capital equipment.

These various motives are so strong that the emergence of surplus stocks of some commodities in other regions has scarcely halted the trend toward greater self-sufficiency except perhaps in some parts of Western Europe. In the less-developed regions in particular there are as yet few indications of any major change of direction in agricultural policy Agricultural development has become an essential part of the over-all economic planning of these countries. Their governments are increasingly conscious of growing food requirements. Wartime and postwar shortages have impressed on them the importance of assured food supplies and sometimes made them mistrustful of too great dependence on imports. They therefore see no reason to change their production plans because of temporary surpluses in other parts of the world. This attitude can be readily understood in cases where conditions of soil and climate are suitable for the type of production envisaged for governments in less-developed regions expect steady progress in technical methods of agriculture which will gradually wipe out any disadvantages in this respect which they may have in relation to other countries.

A point which should not be overlooked in this connection is that in a world where the free play of economic forces is everywhere modified by government action, it is becoming more and more difficult to judge where the balance of economic advantage lies. For example a country may be a high-cost producer of any given commodity relative to world prices not because of any deficiencies in agricultural methods or in conditions of soil and climate but because its currency is over valued, or because high incentive prices fixed during earlier periods have not yet been adjusted or because competitive exports are directly or indirectly subsidized. In these circumstances, a change in government policy e g devaluation may within limits transform a high-cost producer into a low-cost producer overnight and vice versa. Price comparisons at any one time do not necessarily give a reliable indication of comparative advantage

Again, even when the balance of advantage is more clear-cut a country may be unable to change its production pattern for practical reasons. It may have to continue high-cost production of a certain commodity because there is no suitable alternative use for its land. For example even though conditions of soil, topography or climate may be unsuitable for cereal growing and better adapted for pasture and cattle it will be impossible for a country to take up livestock production and import its cereals if the population is too poor to provide a market for meat and milk Conversely a country may be naturally adapted for cereal production, but be forced to specialize on livestock husbandry because the small size of

its farms rules out any less intensive form of agriculture. Or again, the uncertainties of the export market may swing a country towards the production of basic foods rather than the industrial crops for export which it is inherently better able to produce Or the need for a more balanced agricultural rotation may lead it to develop crops which in themselves would be uneconomic.

Enough has been said to make it clear that far more than simple price or cost comparisons have to be taken into account when deciding whether a country should attempt to become more self sufficient in any commodity and to bring out the difficulties of changing present production patterns. Yet when all this has been allowed for there remain a good many cases where the extreme disparity of prices or costs suggests that efforts to reach self-sufficiency have been pressed beyond reasonable limits and where a re-appraisal of agricultural production policy seems overdue Unduly high-cost production of commodities for which a country is not well adapted is bound to retard more sound types of development and to depress living standards.

A second feature which seems to occur all over the world is the relative neglect of the development of the domestic market and the nutritional needs of the country's own population, both in general agricultural planning and in the disposal of surpluses. When the supply of a commodity exceeds current effective demand for example, there are broadly three possible courses of action to restrict production, to expand exports or to encourage home consumption. The reader of the succeeding regional sections will find not a few cases where governments have restricted production, many where they have tried to expand exports but rather few where any very substantial measures have been taken to expand the domestic market. Similarly when importing countries have increased their domestic production the tendency has often been to restrict imports rather than to expand consumption, e g., in the interest of capital accumulation for economic development But the fact remains that a majority of the world s people are still not adequately fed and that in some countries under nourishment is so acute that the mass of the population is lethargic and incapable of a full day s work.

It is noted elsewhere in this report that even in a region with high consumption levels, such as North America domestic sales are limited by lack of purchasing power in the lower income groups. In less developed regions this applies to an even greater extent Increased consumption of products with a high elasticity of demand at the particular economic level of the country would therefore result from higher real incomes (which most countries are striving to attain) or from lower retail prices. It may seem paradoxical therefore that with the possibility of increased sales on the domestic market so many countries are concentrating their efforts on expanding export outlets. For there can be little doubt that in all countries increased efficiency would make possible economies both in the production and marketing of agricultural products, which in turn would enable retail prices to be lowered. That more countries have not made such attempts probably results largely from the adjustments of policy and sometimes also from social conditions which may be implied.

For example many governments are concerned to maintain and stabilize farm incomes an entirely justifiable social objective They have therefore a direct interest in maintaining farm prices particularly where they have given price supports to farmers and a fall in farm prices is liable to involve them in direct financial liabilities. For imported commodities the simplest means of maintaining farm prices is to limit imports by tariffs or quotas. For commodities in which a country is roughly self-sufficient the simplest means is to export any quantity which cannot be sold at home at current price levels. More and more countries are beginning to sell agricultural products abroad at a loss often with the aid of export subsidies in order to limit their financial liability on the larger quantities sold on the domestic market.

As noted earlier however the cost of production represents only about half the final cost of food to the consumer the other half is made up of the cost of processing transport storage and distribution. A good part of the latter are certainly necessary and unavoidable and there are cases where some increases may be warranted in order to improve the quality of the final product. However distribution and processing in industrialized countries have tended to become sometimes over elaborate in the course of years and could often be simplified, thus reducing retail cost. In less developed countries the system of distribution is simpler and less well organized but none the less expensive. The distribution trades offer one of the few means of earning a living open to people without land or jobs and with only limited resources. This applies particularly to food distribution, for which little initial capital is necessary

In consequence the percentage of the non farm population engaged in distribution is high but the businesses are correspondingly small with a low turnover and they can survive only by charging high margins Lower costs would be possible only by reducing the number of businesses and raising the average turnover But this raises social problems and might mean that the government had to provide jobs or unemployment relief for the displaced traders. Thus in both economically well developed and less developed countries the problem of reducing food distribution costs bristles with difficulties. In addition the lowering or abolition of indirect taxes where levied on retail food purchases and the reduction of high prices charged by private and public food import monopolies, provide in some countries other means of reducing the cost of food to the consumer

The importance of lower retail prices if food consumption is to keep pace with the more rapid increase in production is becoming increasingly recognized, though so far the tendency has been to relate this primarily with the need to reduce food production costs. There is no doubt that such reductions are possible by improved methods of farming and that in this way farm incomes could be maintained or improved side by side with a fall in farm prices. But it is no less certain that there is also scope for improved methods of marketing and lower distribution costs and in spite of the difficulties it appears that the problems of reducing retail prices should be tackled from this end as well There are indications e g in countries as widely separated as the United Kingdom and Argentina, of increasing interest of producers organizations in co-operative marketing and it may be that it is through the development of producers and consumers co-operatives that some solution of the problem will come But there are so far few indications of rapid progress.

An important point to be borne in mind is that in general, production costs can be lowered substantially only by increased productivity unless measures are possible to reduce the cost of input factors. But increased productivity usually implies increased production and this may aggravate the surplus problem, as is emphasized by recent experience in countries where farm prices and especially retail prices tend to be rigid This danger can be reduced if a more flexible price system can be developed and if retail prices respond more quickly to a decline in farm prices than they usually have in the last two years

There are undoubtedly good reasons for the emergence of the policy trends which have been selected for comment but they do not run easily together Although in each country the case for increased self-sufficiency may be strong it fits badly with the parallel trend to expand exports if both are continued the result can only be conflict and frustration. In the same way the continuing emphasis in many countries on increasing production cannot easily be reconciled with the comparative neglect of measures to develop the domestic market and to ensure a parallel increase in consumption. In many countries the time seems ripe for a general reappraisal of food and agricultural policy such reappraisals would be more effective if they were made with an adequate knowledge of the programs of other countries so that governments would be in a position to co-ordinate their policies as far as possible with those of their neighbors The forthcoming FAO regional consultations and the sessions of the Committee on Commodity Problems, Council and Conference afford opportunities for an exchange of views with this end in mind.

WESTERN EUROPE[1]

Changing Conditions in 1953/54

Agricultural production in Western Europe as a whole in 1953/54 was greater than in any previous year and easily surpassed the previous record of 1952/53 both in crops harvested and livestock production. The increased production of sugar bread grains and coarse grains (27 percent 10 percent and 16 percent respectively greater than in 1952/53) was especially impressive and materially changed the supply situation in a number of countries Although favorable weather has played an important part the unusually rapid rate at which crop and livestock yields have risen in recent years is evidence also of a vigorous application in many countries of improved methods of farming and more efficient management.

The general economic background in Western Europe has already been discussed. The increased farm output coincided with and contributed to a revival of general activity and therefore met

[1] Austria, Belgium, Denmark, Finland, France German Federal Republic, Greece Iceland Ireland, Italy Luxembourg Netherlands, Norway Portugal Spain, Sweden, Switzerland United Kingdom, Yugoslavia.

with a strong demand. It came also at a time when the balance of payments problem was greatly eased so that restrictions on imports from outside the area could be relaxed, and when greatly increased supplies of agricultural products particularly grains, were available on the world markets. All these factors greatly influenced the supply and trade situation in the region.

More than half of Western Europe s agricultural imports are made up of textile fibers rubber oilseeds and other tropical products. The effect of changes in domestic production is therefore concentrated on the remaining part mainly cereals, sugar livestock products and fruits and vegetables. European production of all the latter commodities increased in 1953/54 and in consequence imports from other areas were often reduced while European countries with marginal export surpluses could generally dispose of them only at prices well below those paid to their own farmers.

Bread grain imports into Western Germany Italy and Greece for example were reduced while in France and Sweden exportable surpluses totaling more than one million tons became available. Italy and Sweden withdrew from the International Wheat Agreement the first because its deficit had become less than its import quota under the Agreement the second because it had ceased to be a net importer and had wheat to export. Both France and Sweden, finding that their domestic wheat prices were well above the world market price had to dispose of their surpluses at considerably below cost. Some feed importing countries however including Denmark and the Netherlands took advantage of the larger supply and lower prices of coarse grains and increased their imports even though their own production was also expanding

Even before the processing of the record 1953 harvest began, exports of sugar from France Denmark, Belgium and Spain were competing in a falling market which was feeling the pressure of abundant supplies. The average 1953 world price was lower than in any year since 1944 While Cuban sugar was delivered to French ports for Fr fra. 35 per kg the French factory price was Fr fra. 72.20 In 1953 Denmark exported only 30 percent of the quantity exported in 1952, and Belgian exports were restricted by the quota fixed under the International Sugar Agreement

For commodities normally traded between European countries e g livestock products and certain fruits and vegetables some importing countries began to reduce the quantities imported, and the countries with export surpluses had to find markets elsewhere. A number of butter importing countries reduced their foreign pur chases considerably as domestic production increased. On the other hand, the United Kingdom bought larger quantities of butter in preparation for the abolition of rationing, and new outlets were found in Eastern Europe. Thus the U.S.S.R. became the second largest importer of butter taking 30 percent of Dutch exports in 1953

The trade situation thus changed differently for the various countries, depending on whether they were importers, exporters or self-sufficient for particular commodities. In the main, it could be said that agricultural production and trade developed satisfactorily consumption levels were maintained or increased and the general level of intra-European trade was raised. In particular there was a marked increase in the volume of such trade in fruit and vegetables. Where difficulties were experienced they occurred mainly in countries with suddenly increased export surpluses and with no long established channels of trade. The traditional exporters of livestock products particularly Denmark and the Nether lands, are efficient low-cost producers who can hold their own so long as competing exports from other countries are not heavily subsidized on a large scale Probably their chief cause for con cern was the rapidly increasing output of pigmeat and eggs within the main importing countries the United Kingdom and Western Germany and sudden restrictions on imports sometimes imposed by importing countries wishing to protect their internal price level. But when for example France Switzerland Norway Austria and Bel gium wished to find a market for certain marginal and perhaps temporary surpluses of some livestock products they had to export at a subsidized price

The Reorientation of Policies

The alteration in the trading relationships of some countries for major food products brought about by increased production and in some cases resulting in marginal shifts from a deficit to a surplus position, has revived fears of supply outrunning demand. There is growing concern among Western European farmers that any additional production may find a market only at greatly reduced retail prices, with a consequent drastic decline in farm incomes. The key problems are therefore felt to be the stimulation of con

sumers food expenditure and the reduction of production and marketing costs.

To a certain extent food consumption habits can be changed by governmental measures, such as the provision of free or subsidized milk to schoolchildren, but it is the level of real incomes of the whole population which will largely determine future food consumption levels. An annual expansion of national income at an average rate of three to five percent seems the most that can reasonably be expected in most countries. Since a given rise in income is invariably accompanied by a much smaller rise in food expenditure especially at the levels of income ruling in north western Europe the annual rate of increase in food expenditure is unlikely as a rule to exceed two percent though there may be exceptions in individual countries where the national income may advance particularly rapidly or where incomes are so low that there is still a high elasticity of demand.

Against this must be set the current rate of expansion in agricultural production. Even making full allowance for the favorable weather of the last two crop years it seems certain that the annual rate of increase appreciably exceeds two percent and is likely to continue to do so Agriculture is showing the cumulative effects of the efforts made in recent years to modernize equipment and methods of production and of the encouragement given to farmers by high and often guaranteed prices. Better selection of seeds and breeds of livestock is giving higher yields, fertilizers and pesticides are being used in increasing quantities, draft animals are being displaced by tractors with a consequent saving of land for food production the general standards of farm management and technical knowledge are being raised. All these factors are continuing to operate in favor of higher production.

Under pressure of lower priced and often subsidized imports, governments are beginning to count the cost of this expansion and to consider how much longer they can afford to protect domestic producers on the present scale This basic problem presents itself in a variety of ways in different countries so that the response is far from uniform, though up to now no country has indicated any intention to abandon all protective measures and price guarantees. In the Scandinavian countries food consumption levels are already high and no great expansion of domestic demand can be foreseen. Sweden whose policy in recent years has been to aim at providing 90-100 percent of its food requirements has now more than attained this objective and in 1953 had export surpluses amounting to one quarter of its production of bread grains and butter and one tenth of its production of eggs. Prices of these products have been reduced in 1953/54 and the government offers the farmers no price guarantee for that part of production which is in excess of requirements for the home market. It is recognized that some of the less suitable farms will have to reduce or give up production of these commodities and some marginal land will be turned over to forestry

Denmark is the most important European exporter of agricultural products — in 1953 nearly 70 percent of all Danish exports were of agricultural origin — and the whole farming industry is geared to this end Producers organizations are watchful of production trends in the countries to which they export and, while making every effort to maintain their long-established lead based on rationalization of methods and uniform high quality of produce will be prepared for a systematic contraction of output if markets shrink. This necessity is already recognized for sugar the production of which is to be restricted to home requirements.

In the Netherlands food consumption levels are on the average somewhat lower than in Sweden and Denmark. Real wages are tending to rise and agriculture may find more domestic outlets for its produce. But in the long run the Netherlands faces similar problems to those of Denmark. The pressure of producers in Western Germany for a higher tariff on eggs to protect their own increasing production is a warning of the possible contraction of a market which in 1953 took about 85 percent of Dutch egg exports Similarly the Dutch trade in skim milk powder is threatened by expanding production in other countries such as Belgium Finland and countries outside Europe. Some of this skim milk powder has had to be sold at greatly reduced prices for animal feeding stuffs

Ireland another food-exporting country has aimed to reduce its dependence on imported feed supplies. The area under the plough is being increased, more wheat and sugar beet are being grown, and the quality of the pastures is being improved. Much ill-drained or derelict land is also being reclaimed. The export trade has been assisted by the rapid development of various food processing industries.

The United Kingdom and Western Germany have special problems arising from their depend

ence on food imports. Consumption levels improving in 1953 more rapidly than in other parts of northwestern Europe may yet rise appreciably especially if increases in national income are received mainly by the lower income groups This may reduce the marketing problems of home producers, but the question of cost is all important. If food becomes dearer labor costs in industry increase and this hampers the export trade in manufactured goods. The dangers of such a development have been partly concealed in the past year by an improvement in the terms of trade but this position may be only temporary In any case these countries will wish to buy food in the cheapest market and are urging their own farmers to become more competitive

In the United Kingdom, the level of guaranteed minimum prices has been fixed on the assumption that increasing efficiency will permit steady reductions in government subsidies. The price reductions of February 1954 are not drastic but are expected to be followed by further reductions year by year unless costs increase substantially Pig prices were cut by five percent and milk by three percent. A demand for an increase in agricultural wages was rejected in June 1954 for the first time in many years

Western Germany has announced that its policy is to make home producers fully competitive in a common European market within ten years Price levels, insofar as they can be influenced by the government are expected to be established on the basis of costs of production on well managed farms, and not on those of farms which are defective in structure or management Home production will probably continue to expand but Western Germany is being pressed by debtor countries to accept more agricultural imports in return for its manufactures.

Belgium and Switzerland still rely to a considerable extent on food imports but the margins are narrowing for a number of commodities. In Belgium a lower price for sugar beet is expected to result in a reduction in the acreage planted In Switzerland where meat and milk production have developed to the point where export outlets were sought at subsidized prices a special tax has been imposed on imported feeding stuffs to discourage further expansion of livestock output The reduction of butter imports has meant the loss of revenue from a levy which had been used to keep down the retail price of domestic dairy produce and consequently the producers price of milk has been slightly reduced

In France there is room for a rise in food consumption levels which are at present kept down by the high costs of production on many farms. An increase in agricultural exports is an important part of the program to improve the balance of payments and at the same time agricultural imports are to be reduced. Efforts are to be made to increase production on farms in backward regions with inadequate equipment and facilities. Temporary measures of government assistance are envisaged but the ultimate aim is to reduce costs of production as a sound basis for raising the standard of living of the producers. The chronic surplus of wine is to be reduced by the elimination of low quality vines and the conversion of sugar beet apples and wine into alcohol under heavy government subsidy is also to be restricted. Reductions in the guaranteed prices for wheat and milk are under consideration.

In Mediterranean countries the main emphasis has to be placed on measures to raise the productivity of the soil as an essential step to economic progress. To sustain a growing urban population, the agricultural community must increase its marketable surplus of cereals and livestock products. In relation to northwestern Europe food consumption levels are low yet in these southern countries the rate of increase in production is generally slow An exception is northern Italy whose agriculture has many features in common with that of northwestern Europe Marketing problems may take on more importance as Mediterranean countries face increasing competition in the export of fruits vegetables and wine from North Africa and Israel and of tobacco and citrus fruits from North America. Mediterranean producers have also to compete with the horticultural specialists situated near the large cities of the importing countries. Spain has suffered a shortage of wheat and will endeavor to reduce the area devoted to vines and sugar beet and to grow more cereals.

Prospects and Long-term Problems

One problem will override all others in the coming year the increase of consumption. All measures to expand production or change its pattern must be related to this end Efforts made within agriculture itself can at best provide only a partial solution to the problem. Along with increased efficiency on the farm must go a whole series of measures aimed at raising the purchasing power of final consumers the promotion of industrial activity and full employment the improve-

ment of the economic position of the lowest paid members of the community the reduction of fiscal charges on basic food commodities increased efficiency of marketing the provision of specially nutritive foods at reduced prices to schoolchildren and other needy groups and similar schemes

Production at lower unit costs is becoming the most durable and effective means of protection farmers can aim at If unit costs can only be reduced by expanding production as is often the case then the reduction has to be all the greater in order to market the larger supply In countries where surpluses are appearing the most welcome technical improvements will be those which reduce the cost of producing the present volume of output

Unfortunately farm structure is far from satisfactory in many countries holdings frequently being too small to provide full employment for the occupants. The mobility of agricultural labor is limited, and since most farm labor in Western Europe consists of owners of small farms and their families it is not always the lack of non farm employment which causes such immobility Farm owners may not want to give up low income farms because they prefer their independent way of life or cannot sell their land at a remunerative price or because of their greater security in comparison with landless wage earners in times of unemployment or inflation. Thus agriculture has remained overstocked with labor in many countries and the level of farm incomes is accordingly depressed. Only in Sweden have considerable efforts been made to reduce gradually the number of marginal producers resulting in an annual disappearance of nearly 5 000 small high-cost units. The final goal in Sweden is to establish units not smaller than 30 hectare. The need to raise the average size of farms has also been stressed by other governments, but has not yet become practical policy In a number of other countries where the same need exists the problem has received little consideration, either because of the lack of alternative employment or because the policy is to maintain the agricultural population at a level considered desirable on grounds other than economic

Past experience has shown that changes in farm structure come about only very slowly Even an upswing of general economic activity may have little effect on the maldistribution of labor since it tends to take away from agriculture needed hired labor on larger farms rather than attracting the redundant farmers who operate small high cost farm units

An additional defect of farm structure impeding the increase in labor productivity is fragmentation In spite of governmental efforts in all countries progress in consolidation has been slow even where the need for it is great as in Italy Austria Western Germany Belgium France and Switzerland where 30 to 50 percent of the total agricultural area is in need of consolidation.

For the time being lower costs per unit produced may therefore continue to depend primarily on higher yields Great progress has already been made in this direction but in all countries there exist regions which have not yet fully shared in the improvement It seems important from now on to concentrate efforts upon these regions and to work out assistance programs adapted to their needs such as advisory work, credit for the purchase of equipment grants for the introduction of improved methods. Programs on these lines are already being developed particularly in France Belgium United Kingdom and Western Germany Instead of trying to secure a uniform level of producers prices which will ensure a certain minimum standard of living even to the least efficient farmer more must be done to see that the available resources find their way into the hands of those farmers who can use them most effectively This confronts governments and farmers organizations with different and more difficult problems than in recent years when there was a more indiscriminate emphasis on higher total production. But in the long run the general prosperity of agriculture will depend on their solution.

Apart from reducing costs of production, an expansion in demand can also be achieved by delivering better quality produce *for the same* price and by reducing the margin of cost between the farm gate and the consumer

In a number of cases marketing problems and requests for government support arise not because there is a lack of demand for certain products but because consumers are asking for a better or different quality than the one traditionally offered. There may be a slow demand for poor quality fruits but quick sales for the better qualities. The price of fat pigs may fall but lean pork is in demand The larger part of the marginal surpluses of livestock products and fruits could be marketed in the countries where they arise without consumption per head becoming excessive This absorption depends not only on price/income relations but also on new ways and means of processing and distribution in particular for fluid milk and fruits It is for

the farmers themselves to take action to bring about the necessary reorganisation and adaptation.

Among the reasons for the wide margins between producers and consumers prices are the irrational organisation of distribution the seasonal variation in supplies (e g meat and milk) and the insufficient attention paid to the requirements of the market. In some cases e.g the French and German milling industries the capacity of processing plants is not in keeping with the required volume of supplies. Obsolete or redundant plant is kept in use at the expense of the consumer or through processing subsidies, of the taxpayer In Austria, the excess capacity of dairies and resulting heavy overhead costs is one of the reasons preventing the price of dairy products from falling sufficiently to dispose of the present marginal surplus of milk. On the other hand inadequacy of storage facilities in some cases prevents the ironing out of seasonal fluctuations in supply or the carry-over from year to year of relatively small surpluses whose release on to the market has a disproportionately depressing effect on prices and undermines stability Such a situation could usually be remedied without heavy expenditure.

The wide price fluctuations which are typical of the markets for many agricultural products are deplored on all sides but little effective action can be taken without a thorough knowledge of the causes. In reality there is not one market but many spread out along the chain from producer to consumer Very little is known about the relationship of supplies and prices at the various stages, but it is clear that if some of the fixed charges such as taxes and transport charges which are imposed could be reduced the prices received by farmers would show less variation.

At the same time when a real reduction takes place in farm prices and costs of production, it will not benefit either the producer or the consumer unless a substantial part of the benefit finds its way to the consumer in lower retail prices. Historically retail prices have generally been slow to follow a downward movement in farm prices hindering the expansion of consumption which is so essential to the prosperity of agriculture.

The foregoing remarks indicate that something more far reaching and at the same time less onerous than a simple system of guaranteed prices is required Agricultural policies have to be co-ordinated with more comprehensive policies for economic expansion and for the reform of the economic structure of the various countries the policy for agriculture itself needs to be selective and dynamic with constant attention to the needs of the market and a discriminating use of financial and technical assistance in regions which need it most

That international co-operation falls short of what is required is equally evident The growing tendency for countries to provide export subsidies in order to dispose of their surpluses will inevitably provoke new protective measures to counter them Progress along the lines described above will in any case be slow but more effective international co-operation could greatly assist the process of

TABLE 21 WESTERN EUROPE: PRODUCTION OF SELECTED COMMODITIES

COMMODITY	1934-38 average	1948-50 average	1952/53	1953/54
	Thousand metric tons			
Bread grains	38 254	35 725	39 216	41 845
France	(8 912)	(8 437)	(8 903)	(9 300)
Germany (Western)	(5 586)	(5 365)	(6 410)	(6 462)
Coarse grains	35 189	31 016	33 077	30 045
Sugar	3 062	4 876	5 433	6 883
Citrus fruits	2 012	1 801	2 511	2 831
Apples	7 441	8 345	11 281	9 200
Wine	14 080	12 650	12 910	15 100
Olive oil	736	604	626	935
Tobacco	188	243	229	270
Beef and veal	3 849	3 264	3 837	4 075
Pigmeat	4 054	3 202	4 494	4 604
Mutton and lamb	753	575	664	683
Eggs	1 939	1 961	2 324	2 327
Milk	80 243	74 216	84 943	90 015
Index of all farm products	*100*	*103*	*114*	*121*

Barley oat and maize

TABLE 22. WESTERN EUROPE: EXPORTS AND IMPORTS OF SELECTED COMMODITIES

Commodity	1934-38 average	1948-50 average	1952	1953
	Thousand metric tons			
Gross Exports				
Citrus fruits.	1 181	745	1 180	1 400
Spain.	(819)	(303)	(823)	(1 050)
Raisins and currants[1]	118	84	94	108
Greece	(104)	(70)	(87)	(106)
Wine	501	422	501	504
Olive oil	110	60	64	70
Bacon, ham and salted pork	265	102	220	257
Denmark	(189)	(86)	(178)	(220)
Butter	272	193	180	210
Denmark	(149)	(134)	(117)	(137)
Netherlands	(60)	(47)	(60)	(53)
Cheese	141	130	215	224
Eggs in the shell	197	149	203	220
Denmark	(85)	(72)	(89)	(96)
Netherlands	(53)	(38)	(80)	(96)
Gross Imports				
Wheat and wheat flour[3]	11 891	14 750	13 860	12 610
United Kingdom.	(5 681)	(4 954)	(4 656)	(4 761)
Maize	8 460	4 160	3 950	4 190
Rice (milled)	1 270	357	253	218
Vegetable oilseeds and oils[4]	3 006	2 337	2 648	2 540
Wine	1 660	1 333	1 550	
France	(1 331)	(1 074)	(1 176)	( )
Coffee	686	458	553	590
Cocoa.	357	330	327	392
Tea	258	218	232	250
Tobacco	372	337	313	373
Cotton	1 752	1 394	1 344	1 420
Jute	580	325	411	528
Wool (clean basis)	501	496	429	535
Rubber	359	513	607	655

Trade figures prewar for Germany refer to 1937 territory; postwar figures to the territory of the Federal Republic.
[1] Dried fruit equivalent.
[2] Average of two years.
[3] Wheat equivalent.
[4] Oil equivalent.
[5] Not available.

adjustment to the changing circumstances. Nor can this international co-operation be confined to European countries alone. The surpluses existing in other parts of the world and the measures taken for their orderly disposal will, without any question have a profound influence on the situation of European agriculture.

EASTERN EUROPE[1] AND THE U.S.S.R.

The year 1953 brought about a marked change in the economic policies of Eastern European countries and the U.S.S.R. All these countries decided to allocate more resources to consumer goods industries and particularly to agriculture.

Hitherto primary attention had been given to the development of industry with emphasis on heavy industry. In consequence industrial production targets were generally reached, though the growth was often uneven between basic and manufacturing industries and between different branches of the same industry. The rapid increase in employment outside agriculture however brought about a marked increase in the demand for foodstuffs and also for agricultural raw materials which has not been met. Official statements emphasize that there were a number of reasons for the failure of agriculture to respond to the increasing demand none of which can be rightly considered in isolation from the others.

[1] Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland, Romania.

(i) Insufficient supply of resources to agriculture

Efforts were made to equip agriculture with modern machinery but state and collective farms benefited far more than individual farmers who still constitute the majority except in the U S.S.R. and Bulgaria. The situation was similar for *fertilizers insecticides, etc.* which were produced in increased quantities (except phosphatic fertilizers for which there was a shortage of raw materials) but were not always made available to the producers who could use them most efficiently. The higher yields which are claimed for the state and collective farms thus appear to have been due at least in part to the advantages which these enterprises have enjoyed

(ii) The method of operating the system of compulsory deliveries

By penalizing the producers who remained outside the collective farms particularly those with the largest holdings the system did not encourage any increase in production. The low prices fixed for compulsory deliveries and the size of the quotas imposed restricted farmers cash receipts. Moreover the incentive to produce was weakened by the lack of consumer goods on which farmers could spend additional earnings from increased sales

(iii) The too rapid extension of the system of collective farming

Outside the U.S.S.R. where the process of collectivization was already complete many collective farms were established without proper account being taken of the elements necessary for their successful functioning such as managerial ability an adequate supply of trained technicians and a receptive attitude on the part of the peasants towards the new methods of production.

In these circumstances it was clear that if a rapid improvement in the situation was to be obtained more encouragement would have to be given to the independent producers. That is an essential feature of the new policies now being followed

Policy Changes

In order to improve agricultural production, all Eastern European countries have introduced a number of measures dealing with many aspects of development. In Poland and Czechoslovakia the transfer of labor from agriculture is either to be brought to a halt or to be allowed only in a limited measure for particularly important non agricultural occupations.

The further extension of co-operative farming and the integration of scattered plots of individual farms is envisaged in all countries, but there is increased recognition of the fact that too rapid a pace of collectivization of agriculture would be damaging to production. Peasants will be encouraged to join the lower types of co-operatives in which they remain individual owners of their land and their products. These types of co-operatives do not meet with resistance on the part of the peasants.

Moreover all governments have decided to help independent farmers by providing substantial investment credits supplying the means of production, reducing the compulsory delivery quotas and seeking to improve the prices of agricultural as against manufactured products. Special advantages are granted for production of industrial crops and for animal breeding, and all countries aim at increasing their output of livestock products.

In the U.S.S.R. much attention is being concentrated on livestock. Total numbers of cattle and sheep were smaller in 1953 than in 1928 and pig numbers were only three percent greater. The insufficient output of livestock products has been largely due to the lack of fodder and to a tax system which discouraged investment in privately cultivated plots and even induced farmers to give up their private livestock. This tax system is to be changed and a direct incentive to the re-establishment of private cow ownership has been introduced. In addition the revision of the tax and the price systems is intended to increase over-all farm income.

Intensive measures are being taken to increase grain production, mainly by bringing under cultivation 14 million hectares of new land (including 1 million hectares of fallow) before the end of 1955 with the help of an army of young men equipped with the necessary machinery. If successful the new land might produce up to 15-20 million tons of additional cereals [1] Efforts are

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It is not clear whether the original 1955 target under the current five-year plan of at least 175 million tons of cereals has now been abandoned. Since it would imply an increase of about 35 percent over the 1953 production of about 130 million tons it could not in any case be achieved. First secretary of the C.P Committee, Kruschev in his speech of February

also being made to increase sales to the government over and above the compulsory deliveries.

In Eastern European countries the decreed measures are designed to bring about in 1954/55 increases in total agricultural production ranging from five to ten percent above that achieved in 1953 a comparatively poor year for agriculture Such an increase would help to diminish the import of food and feeding stuffs into Czechoslovakia and Eastern Germany and to do away with the unusual import of grain into Poland which has been of the order of one million tons a year in 1953 and 1954.

Changes in Consumption and Trade

In 1953 the U.S.S.R. began a policy of supplying consumers with more goods including imported foodstuffs. According to figures published in October 1953 sales of meat should increase in 1954 to 2.2 million tons compared with 1.2 in 1950 and sales of whole milk products to 2.3 million tons as compared with 1 1 million. Cattle numbers fell from 58.8 million in 1952 to 56.6 million in 1953 and domestic production could hardly supply such an increase in consumption within one year e cept by increased slaughterings, with a further re uction in numbers which would be inconsistent with the long term policy

In the spring of 1953 after retail prices were greatly reduced certain extra food supplies came from stocks. In addition, supplies are being supplemented by imports. Particular attention is being paid to fruit imports, which until recently had not been considered important enough to merit foreign exchange and during 1954 some 100 000 tons of durum wheat will be exchanged against Italian citrus fruits almonds etc. In 1953/54 the quantity of butter imported from the Netherlands Denmark, Norway Finland, Sweden, Argentina Australia and New Zealand amounted to "0 000 tons of which 40 000 tons came from Western European countries. The U.S.S.R. has become the second largest importer of butter though part of the quantity received has apparently been re-exported to Eastern Germany In addition, sugar has been bought from Cuba and the United Kingdom and bacon meat and lard from Denmark France the Netherlands South Africa and Uruguay Altogether according to a statement by the Ministry of Trade imports of food in 1954 are to amount to four thousand million roubles (one thousand million dollars)

There are thus small prospects for any considerable increase in the present level of exports of foodstuffs and feed from Eastern Europe and the U.S.S.R. The bulk of the exports available from the southeastern countries of the region will be absorbed by Czechoslovakia Eastern Germany and perhaps Poland The new importance given to the production of cereals in the U.S.S R. is easy to understand bearing in mind not only the increase in internal requirements (about three million more inhabitants each year and a rise in incomes per head) but also the fact that even if the plans of the other countries of the region are fully achieved by 1955/56 this would only restore per caput supplies to their prewar level In 1953 more than two and a half million tons of cereals had to be imported by Eastern Germany Poland and Czechoslovakia, and most of this probably came from the U.S.S.R. which exported 3 7 million tons of grain in 1953/54 of which only 1 1 million tons went to Western Europe No doubt the Eastern European countries given a favorable harvest could export a certain amount of grain in exchange for other products but such exports seem unlikely greatly to exceed half a million tons.

The participation of Poland Czechoslovakia Hungary and the U.S S.R. in the International Sugar Agreement suggests that prospects for sugar exports may be more favorable although the U.S.S.R. itself is still a net importer

Apart from certain exports of eggs from Poland (15 to 20 thousand tons a year) and small quantities of a number of other products (tobacco oilseeds certain textiles malt hops certain livestock products, etc.) the prospects for exports of agricultural produce appear to be very limited. On the other hand some export of petroleum products, of raw materials for industry and even of manufactured products and equipment may be possible in the future if the goods offered in exchange are acceptable

It is impossible to estimate how far Eastern European countries will go in providing new outlets for the agricultural products of Western Europe and other regions but if the intention is to increase consumers supplies the volume of such trade at least for a time might become important

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1954 launching the new cereal program, spoke of an increase of 35 percent not in production, but in "reserves and state purchases" which account for perhaps one third to one-half of the gross output This is a much lower target which might be achieved if farm sales are increased and the bulk of the immense area of new land successfully brought into cultivation in the time allowed.

Forest Products

Housing is still one of the major problems of the U.S.S.R. and new housing and the furniture to go with it together with the very rapid industrial expansion, will probably absorb the bulk of any increase in sawn wood production for a long period to come Because of these heavy requirements imports chiefly from Finland are likely to continue at about their present level and are understood to be essential for the still continuing rebuilding of the Leningrad district an area heavily deficit in sawn wood.

No great rise in exports of sawn wood from the U.S.S.R. to Western Europe and other regions would therefore be expected despite the considerable measure of success achieved in expanding sawn wood production. On the other hand if East West trade continues to develop there is some possibility of the U.S.S.R. stepping up its exports of sawn wood to pay for industrial equipment and food and other consumer goods which are badly needed

More detailed information has recently become available about the forest resources of the U.S.S.R. and the progress of its forest industries. The country possesses some 425 million hectares of accessible forests or about one fourth of the total world area and nearly one third of the area in use. The growing stock of forests in use is some 33 000 million cu.m of which 30 000 million cu.m. are conifers, more than half the world total of conifer forests. Despite these enormous resources the production of industrial roundwood has been little greater than the European production and only two-thirds of the output in North America though fuel wood production is the highest in the world.

Present plans are to increase the production of industrial wood by 56 percent (some 30 million cu.m.) over the 1950 level by 1955 and it is understood that fair progress has been made though developments are not fully up to schedule Most of the increased production is intended for sawn wood of which the U.S.S R. was the world s second largest producer with an output of 49.5 million cu.m. in 1950 It is planned to raise this total to about 77 million cu.m. by 1955 but in 1952 only 85 percent of the scheduled progress had been completed and it is uncertain if the goal will be reached. The expansion has had to be extended into remote regions where saw milling capacity is low and has to be increased about eightfold

An increased output of wood pulp and paper is also planned. Wood pulp production fell from 1 16 million tons in 1938 to about one quarter million tons at the end of the war and only regained its prewar level in 1950 with an output of 1 6 million tons. Production reached 2.1 million tons in 1953 but nevertheless substantial imports were required Newsprint development has been still faster by 1948 the production of 272 thousand tons was 20 percent greater than in 1938, while in 1953 it rose to 480 thousand tons. Similarly the output of other paper and board reached 1,240 thousand tons in 1950 and 1 650 thousand tons in 1953 (nearly twice the 1938 production). Even so imports of paper and board into the U.S.S.R. showed a noticeable increase in 1953/54

NORTH AMERICA

Another near record output in 1953/54 accentuated the problem of agricultural surpluses in the United States and to a lesser extent in Canada. The domestic demand for foodstuffs remained high in spite of the lower level of economic activity though the consumption of cotton declined Moreover the fall in agricultural exports was halted and in the first eight months of 1953/54 they were less than one percent below the same period of 1952/53 The sharp rise in stocks of agricultural products is only explained to a limited extent by the reduced export demand. Thus from the end of March 1953 to the end of March 1954 CCC stocks rose by over $3 000 millions, while agricultural exports in the same period were about $500 million lower than a year earlier Although some of the factors which have reduced United States agricultural exports affect also Canada, Canadian exports have declined only slightly from the high 1952 level except for wheat which in the first seven months of 1953/54 was about one-quarter less than in the same months of 1952/53

Although the statistical position suggests that the surplus problem is serious in both North American countries policy developments have been very different The United States administration is reviewing its entire agricultural policy in order to reduce accumulated stocks in an orderly fashion and to adjust future output to the likely demand In Canada on the other hand it is felt that the situation does not yet warrant special measures. It is pointed out that the exceptionally high yields of the last three crop years cannot continue indefinitely that Canada may rea

sonably expect to maintain her share of the im ports of her traditional customers in particular the United Kingdom and that domestic per caput food consumption, which began to increase in 1952 may rise still further

Surplus Disposal

Special action for the disposal of agricultural surpluses held by the United States Government has so far been mainly directed towards finding new foreign outlets.

A variety of legislative provisions operate toward this end *Section 550 of the Mutual Security Act (as amended in 1953)* requires that not less than $100 million and not more than $250 million of funds authorized for foreign economic aid in 1953/54 should be used for sales of United States agricultural surpluses to friendly foreign nations against local currencies. Up to the end of May 1954 such sales amounted to more than $220 million. *Section 4 h of the CCC Charter Act* permits certain barter transactions. In 1953/54 these amounted to about $36 million, principally in grains, more than three times the amount thus moved in 1952/53 Under *Section (5 f)* of the same act $20 million worth of wheat was sold to Spain, the money equivalent to be used for off shore procurement. *Under Section 32 of the Agricultural Adjustment Act of 1935* which also covers domestic disposal programs export payments are made for certain fresh, processed and dried fruits and honey Less than $12 million were disbursed under this provision in 1952/53 *Section 416 of the Agricultural Act of 1949* permits the donation to needy persons of government stocks which are in danger of spoilage practically all of these gifts at an annual rate of about $70 million in 1954 are directed abroad. *The Famine Relief Act (P L. 216* already expired) provided up to $100 million worth of surplus stock to alleviate serious food shortages abroad but less than $10 million have been utilized (wheat to Bolivia Jordan and Libya) The renewal of the authority and restoration of the original amount is now being sought in Congress Under special legislation over 600 000 tons of wheat (about $70 million worth) were given to Pakistan in 1953/54 to relieve famine conditions there Under other special foreign relief programs about $14 million worth of food was distributed to individuals in East Berlin and Eastern Germany and another $12 million worth as Christmas gifts to needy families in 20 countries in Europe Latin America and the Near East

Among the domestic outlets for surpluses the donation of foodstuffs by the Federal Government to the National School Lunch Program to private welfare agencies and for other purposes amounted in 1953/54 to an annual rate of about $200 million two-thirds of which were for school lunches. Direct domestic commercial sales of surplus stocks have remained relatively low at about $50 million a year in 1953/54 Altogether in 1953/54 disposal programs were moving agricultural products back into consumption at an annual rate of $800 million,[1] of which about $250 million appear to have been for domestic consumption.

Government holdings of surplus agricultural products at the end of March 1954 however amounted to over $6,200 million (Table 9) and were still increasing and attempts are therefore being made to accelerate their disposal. In his message to Congress on his new farm program President Eisenhower proposed "to set aside reserves up to the value of $2,500 million from the stocks presently held by the CCC" to be "used in contructive ways. Such uses will include school lunch programs disaster relief aid to the people of other countries, and stock piled reserves at home for use in war or national emergency The order of magnitude of aid to people of other countries which seems to cover what is now *Section 550* is indicated in a bill which would limit the President s authority under this aid program to friendly countries to a total of $1 000 million during the next three years i.e an average of $330 million a year In addition, it is proposed to set aside $100 million worth of surplus commodities for help to governments regardless of their friendliness toward the United States and to authorize the use of a further $300 million worth for gifts in famine and other relief assistance

The CCC reversing its previous policy has started to sell many commodities abroad at world market prices, which are far below United States support prices. These commodities include butter and other dairy products wheat coarse grains lima beans cottonseed and linseed oil. Stocks of dried milk have been almost fully disposed of to domestic animal feed producers at a nominal charge. No other major changes in marketing policies for government-owned surpluses are planned for 1954/55.

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[1] Testimony of John H Davis Assistant Secretary of Agriculture given before the House Committee on Agriculture 2 April 1954

Apart from a reported plan to try out on a sample basis a sort of Food Stamp Plan,[1] the development of the school lunch program already mentioned and the reduction of the support price for dairy products little seems to have been done *so far in the United States to increase domestic* consumption of food in excess supply Never theless there appears to be a considerable unsatis fied demand for food among the lower income groups. According to one study [2] a comparison of the 1950-52 per caput consumption of the *25 percent of the labor force earning less than* $2,000 a year with estimates of potential consumption shows that per caput consumption of e.g dairy products could be increased by 24 percent that of flour and cereals by 22 percent and that of sugar and syrup by 23 percent Similarly in a *recent household survey in Seattle Washing* ton, [3] not one of the least prosperous parts of the country it was found that sixty percent of the lowest income group desired additional food ex penditures while only 24 percent of the highest income group desired more Practically all *the additional money desired for food* products was to be spent on three general groups of com modities including dairy products, fruits and vege tables poultry and red meats.

On the whole it appears that in spite of the high average level of food consumption in North Amer ica there would be a considerable response in the volume of sales if the retail cost could be re duced by lower production and marketing costs. For some commodities e.g butter the effect of lower retail prices on current surpluses might be direct while for other commodities, e.g feed grains, the effect would be indirect. As noted in Chapter II however while farm prices fell by 17 percent in U.S.A. and 23 percent in Canada dur ing 1952 and 1953 and were followed closely by wholesale prices retail food prices fell by only

[1] *This plan as practiced in the thirties and early* in the war consisted of distribution of food stamps to beneficiaries of public or private relief entitling them to receive certain foodstuffs grat s equal in quant ty to those they bought under regular con ditions in retail stores.

[2] M.C Burk *An Analysis of Certain Estimates of Food Requirements and Demand* Agr Economic Re search, Vol III No. 1 Washington Jan 1951 " Potential consumption is a theoretical figure sup posed to indicate per caput consumption in the hy pothetical case that consumption of below $2,000 annual income families would be raised to the con sumption level of fam lies w th an average annual income of more than $2,000.

[3] E.L. Baum and I L Goodbidge *U S Journal of Farm Economics* Feb 1954 p. 135

two percent and eight percent respectively in same two years. The lower farm prices can t have had little effect in expanding consumpti Cotton consumption in North America, whicl 1953/54 declined by 800 000 bales or about r *percent from the previous year* would also pr ably benefit from lower prices to the consum Over the first four months of 1954 consum prices for apparel had declined by less than percent compared with a vear earlier desp lower wholesale prices for textiles.

Adjustment of Output

As supplies of certain farm products are in cess of the anticipated demand and reserve quirement the restrictions prescribed by the Uni *States Agricultural Adjustment Act* become op ative. For the 1954 wheat harvest the crop a was limited to 62 million acres against 79 milli in 1953 and actual plantings were indicated mid March at only two percent above this limi Supplies will also be limited through marketi *quotas accepted in a referendum of wheat growe* A similar limitation on maize plantings of 17 p cent (about 10 million acres) in commercial ma producing areas appears however to have be ineffective as the indicated acreage is only 366 0 acres less than in 1953 Presumably some co mercial growers have not complied with t restrictions and an appreciable area may ha been added in non commercial areas. Moreov an additional 12 million acres is reported und other coarse grains particularly oats and barle so that there may be a much increased output 1954 of coarse grains as a whole. Some of tl land taken out of other crops has also been divert to soya beans where the acreage is reported be twelve percent greater than in 1953 Marke ing quotas were also established for cotton in 19 (11.5 million bales from 21 4 million acres again 16.3 million bales from 25.2 million acres in 195 and acreage restrictions and allotments were aga applied to tobacco

Still more severe restrictions are proposed f 1955 The wheat acreage is to be reduced by further twelve percent to the minimum of 55 mi lion acres permitted under present legislatio

Farmers are allowed to plant wheat above the allotments provided the yield from such exce acreage is not destined for human consumption bu is to be used for pasture hay silage or for ploughir under to improve soil; provision has also been mad to increase the allotment of durum wheat.

In addition "cross-compliance" is being made a condition for price supports farmers must remain within their acreage allotments for all the crops they grow if they intend to apply for price support on any one Further farmers who have to divert more than ten acres from any controlled crop will have to comply with acreage allotments for all crops on their holdings except hay and pasture Both measures are designed to avoid shifting the surplus problem from one crop to another[1] Altogether the new restrictions are expected to take about ten million acres out of crop production.

For some commodities existing United States legislation provides for some flexibility in support prices, and support prices of milk for manufacture and of butter were accordingly reduced from 90 to 75 percent of parity in 1953/54 with the hope of increasing domestic consumption and checking any further increase in CCC stocks of butter cheese and dried skim milk.

Present agricultural legislation in Canada does not provide for direct government intervention to adjust output. The Canadian Wheat Board is virtually the sole handler of export wheat and also largely controls the marketing of oats and barley

The Board makes an initial advance payment to producers the final returns being determined at the end of the crop year by the receipts from domestic and export sales. The Board might thus try to influence production by lowering the initial payment. For the coming crop year 1954/55 an announcement of the initial payment is being deferred until nearer the end of the current crop year According to spring reports however Canadian farmers planned to sow nearly one million acres less to wheat than in 1953/54 this being a reduction of four percent. Some reductions are also indicated for rye and potatoes but the flaxseed acreage is expected to be doubled.

For agricultural products other than wheat an Agricultural Prices Support Board is authorized to buy at prices established by the Board in order to maintain general market prices above a given "floor" or alternatively to pay directly to producers the difference between the Board s and the average market price in a given period. Among the products handled by the Board are apples beef cattle butter cheese dried beans dry skim milk, eggs, hogs and honey The Board still operates on its initial allocation of C$200 million in 1946 of which up to 31 March 1953 about C$42.4 million had been used for price support operations.

The New Agricultural Policy of the United States

Because of difficulties in bringing agricultural production and requirements closer together while maintaining a reasonable stability of farm incomes and avoiding sharp fluctuations in output and prices the United States administration has proposed new farm legislation. The President s farm message to Congress states that since the restrictions on output already proposed may not appreciably reduce surpluses because of expected higher yields on the reduced acreages, shrinking foreign markets, and the planting of alternative crops, "we must move without further delay to treat the fundamental causes of our present excess supply

The program emphasizes that by using funds of the agricultural conservation program, diverted acreage should be utilized for soil conservation.

The most important new features of the proposed program are a flexible rather than a rigid price support, the general application of a new parity formula the freezing of a part of the accumulated excess reserves the fostering of exports, and an increase in the borrowing authority of the CCC from $6 75 to $8.5 million. Only the latter feature has so far been implemented Under the proposed program prices of basic crops would continue to be supported provided farmers comply with acreage restrictions and marketing quotas when such are in effect Price support levels would be announced before the planting season and a 90 percent ceiling for such supports is proposed but also a floor ranging from 75 to 90 percent according to the supply situation. Support levels would be adjusted up or down by one percent for each two percent of variation in total supply of the commodity in question (except for maize where the ratio is 1 1)

Legislation passed in 1948 included a new parity formula based on price/cost relation over the last ten years but the application of this feature to the basic crops has been repeatedly postponed For wheat maize cotton, and peanuts it is now proposed that the new base should become effective from 1 January 1956 but with the proviso that the change be made in annual instalments

[1] To be effective on all farms, it seems that the U.S. Administration would also have to proclaim acreage allotments for almost all non basic commodities to which acreage used to be diverted from basic crops.

TABLE 23. NORTH AMERICA: PRODUCTION OF SELECTED COMMODITIES

COMMODITY	1934-38 average	1948-50 average	1952/53	1953/54 (prel.)
	Thousand metric tons			
Wheat	[1]33 800	42 580	54 074	47 373
Maize	[1]65 600	86 029	83 801	81 182
Rice	958	1 780	2 182	2 383
Beef and veal	3 960	5 289	5 291	6 609
Pigmeat	3 610	5 122	5 749	5 062
Butter	1 144	883	790	896
Eggs	2 163	3 451	3 704	3 758
Milk	53 346	59 783	59 829	62 873
Soybeans	1 170	6 903	8 224	7 260
Groundnuts	540	943	622	714
Cottonseed	4 027	5 022	5 615	6 094
Tobacco	618	962	1 086	980
Cotton (lint)	2 755	2 965	3 282	3 564
Index of all farm products	*100*	*135*	*148*	*147*

1937-41 The average production for the years 1934 38 was abnormally low owing to the effects of the extreme droughts of 1934 and 1936
For the United States, production on farms only

of five percent. For wheat this would mean stretch ing the change over three years.

The major commodities affected by these propos ed changes are wheat maize cotton and wool. For wool it is proposed that prices should be left to find their own level, and instead of price supports direct payments should be made to growers to raise their average returns to 90 percent of par ity Such payments would be uniform to reward efficient production and marketing.

Outlook

No marked change in the high level of United States domestic demand for farm products or in the reduced current level of agricultural exports seems likely in 1954/55 Equally however supplies of most farm products are expected to remain large and no marked improvement in the surplus situation seems probable The increased borrow ing power of the Commodity Credit Corporation should suffice to carry on price support operations at least through 1954/55 and while present price support programs continue farm prices may de cline relatively slowly Farm production costs show little change however and the cost/price squeeze in United States agriculture is likely to continue though perhaps to a somewhat re duced extent. As noted in Chapter II, net farm incomes are expected to be about five percent lower in 1954 than in 1953

The more stringent acreage restrictions in 1955 are likely to reduce United States crop production considerably and the expected increase in live stock production due to larger feed supplies is expected to reduce livestock prices. Farm in comes in 1955 may therefore decline appreciably

Canada is starting the 1954/55 season with an unprecedented carry-over of wheat and the im proving supply position in other regions is likely to create additional export difficulties. There is also an unusually heavy carry-over of coarse grains and the larger supplies in the United States and Argentina will increase competition in export markets. Domestic consumption, particularly of livestock products however is likely to remain high Canadian farmers cash receipts in 1954/55 may be somewhat lower than in 1953/54 and this is likely to be reflected in net incomes since no decline in production expenditures is expected.

The reductions which have already taken place in farm incomes in North America have had re percussions on the general economic situation. While production of machinery as a whole in creased in the United States in 1953 "in a few machinery lines such as farm tractors oper ations were at reduced rates during a large part of the year [1] Similarly in construction activ ities "farmers were the only important group spending less than a year earlier [1]

In Canada also "there is more farm equipment in the hands of dealers and manufacturers than a year ago. [2] The possible effect of fur ther reductions in farm incomes therefore cannot be ignored.

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[1] U S Department of Commerce: *Survey of Current Business* February 1954 pp. 16 and 19

[2] Econ. Div Marketing Service Dept of Agricul ture Ottawa: *Current Review of Agri ultural Cond tions in Canada*, Vol. 15 No 1 Jan. 1954 p. 15.

Table 24. North America: Exports and Imports of Selected Commodities

Commodity	1934-38 average	1948-50 average	1952	1953
	Thousand metric tons			
Gross Exports				
Wheat and wheat flour	6 030	16 581	21 766	16 606
Maize	780	2 160	2 628	3 270
Rice	72	468	793	694
Meat[1]	16	62	38	39
Eggs	2	34	37	33
Milk (condensed and evaporated)	24	160	70	77
Cheese	34	60	3	10
Butter	2	2	1	—
Vegetable oils[2]	14	190	251	238
Tobacco	203	221	197	248
Cotton (lint)	1 294	1 051	924	644
Gross Imports				
Bananas	1 367	1 457	1 463	1 491
Sugar[3]	4 91[illegible]	5 572	5 842	6 087
Cocoa	261	295	272	273
Coffee	907	1 260	1 260	1 310
Tea	58	66	63	68
Wool	66	198	175	136
Jute	74	76	45	78
Index of all farm products:				
Gross Exports	*100*	*176*	*201*	*169*
Gross Imports	*100*	*123*	*129*	*121*

[1] Includes beef and veal and pigmeat.
[2] Includes soya, groundnut and cottonseed oils and equivalents in oil of exported beans.
[3] In terms of raw sugar.
— Negligible.

For North America as a whole the 1954/55 season is unlikely to see any substantial improvement in its major agricultural problem of excess supplies. Unless the series of good harvests of the last years is sharply interrupted both countries are faced with the need to take effective measures to bring supplies and requirements more closely into line by expanding markets, especially domestic markets, and by curtailing the output of products for which no increased market can be foreseen.

LATIN AMERICA

During 1953/54 most Latin American countries have been striving to increase agricultural production, which in previous years had been lagging behind industrial development. To achieve this objective governments have either continued to carry out or have under active consideration programs and measures aimed at giving greater incentives to farming. Argentina for example has continued to push forward its Second Five Year Plan. Chile is starting a comprehensive Eight Year Agricultural Program. Mexico has transformed its Two Year Emergency Food Program into a permanent feature of the administration. Uruguay is giving the final touches to a Livestock Development Plan. Brazil is actively using the new Foreign Exchange Law for the protection and encouragement of agriculture.

Progress is retarded however by recent developments in the world market. Prices for a number of products exported by Latin America have fallen during the past two years and production of some of them has tended to decline. Recent decreases in regional production of cotton, oilseeds and hard fibers and the further restriction in Cuban sugar production largely reflect this situation. Nevertheless, in some instances Latin American countries are finding new markets for their products, e.g. recent purchases by the U.S.S.R. have allowed Argentina to dispose of a substantial part of her accumulated stocks of linseed.

On the other hand the output of grains has continued to expand in every country. Official support prices at incentive levels are being maintain

ed. In deficit countries, the expanded production has been easily absorbed by the local market and Uruguay which had a record wheat crop during the last season, has been able to sell its exportable surplus to Brazil and Paraguay

In Argentina however where grain exports in 1953 were considerably larger than in 1952, a rather sizeable stock remained unsold at the beginning of the new season, which, added to the good crops of 1953/54 put exportable supplies at significantly higher levels than in recent years. To cover the disposal of larger supplies of grains Argentina has been very active since 1953 in renewing and concluding bi lateral trade and payments agreements with a number of countries and at the same time in developing an intensive program for enlarging storage and warehousing facilities. Whether the volume of grain exports can be expanded in the years immediately ahead still remains to be seen, but the general feeling in Argentina is that the surplus element in present stocks may be considered fairly small although wheat exports to Brazil have slowed down and are at a lower price than before and exports to Bolivia have not been possible on account of United States shipments of 100 000 metric tons to that country It is considered that no advantage would be reaped from revising downwards the targets set in the Five Year Plan.

Most significant for many Latin American countries during the last year has been the rise in coffee prices. This rise is largely due to the severe damage caused by frost on the Brazilian coffee plantations in 1953. In the State of Paraná alone but for the frost production would have reached about 7 7 million bags during the 1954/55 coffee crop season, whereas it is now unlikely to exceed 1.5 million. Coffee production in Brazil will only be able to recover slowly from such a setback.

Basic Policy Problems

A striking feature of current agricultural policies in almost every country in Latin America is the strong drive toward national self-sufficiency Specific instances of this trend may be found in the recent establishment of the sugar beet industry in Chile although the sugar output has been further curtailed in Cuba and in the wheat campaigns actively conducted for instance in Brazil Peru Colombia and Mexico in spite of the stocks of wheat accumulating in Argentina and in wheat exporting countries in other regions. This policy of self-sufficiency associated in several instances with the drive to improve land use and to modernize agriculture is based mainly on foreign exchange considerations. Most Latin American countries are reluctant to use their foreign exchange earnings for the importation of food and other agricultural products unless it is impossible to produce them locally

It is well known that in Latin America trends in investment are closely linked to the balance of payments situation and levels of foreign reserves, largely because of the region s dependence on foreign countries for the supply of capital goods. If exports cannot be expanded, therefore imports of capital goods both for agricultural and industrial purposes can only be maintained or expanded if there is a reduction of current rates of imports for consumption and a larger inflow of foreign investment

A reduction of imports for consumption is possible in certain countries and has already been attained in some by a selective control of imports. But in general a cut in imports of consumer goods is difficult unless the domestic production of such goods can be expanded rapidly This is the policy that governments are in fact pursuing In the field of agriculture the expansion is to be achieved both by extending the area under cultivation and by improving farming efficiency It is impressive for instance to recall that the number of tractors in the area has increased about six times since 1939

The greatest possibilities of rapid agricultural expansion in the deficit countries however are to be found in the case of wheat and other grains, sugar and cotton the products now in surplus supply in the world market. The problem for these countries is therefore whether to produce these commodities (even at the risk of developing a high-cost production) in order to save foreign exchange or to import them at a lower immediate cost but at the price of limiting the country's possibilities for economic expansion.

On the side of the exporting countries, the problem of continued agricultural expansion is still more difficult if they have to face stiff competition in the world market. Typical cases are the production of sugar in Cuba and the grain and oilseeds crops in Argentina. Development of agriculture in these and other countries in a similar position will certainly be retarded as long as current world conditions persist.

For other products such as coffee cacao and beef prospects for larger exports are more favorable But an increased production of these commodities by the nature of things can be obtained

only slowly and the development of the export trade is also limited by the rapidly growing domestic demand

There are thus major difficulties in the way of any short-term readjustment of current protective agricultural policies although in the case of some export crops such readjustment may prove essential. In the long run, however many governments are likely to find it advantageous to develop the production of the commodities for which their initial conditions are best suited and to relax the strong current trend toward self-sufficiency at all costs. A more comprehensive intra regional and international co-ordination of agriculture would then be possible

Several countries have taken steps to attract a larger flow of foreign investment either by eliminating existing obstacles (Argentina Brazil Chile Colombia) or by settling former debts with foreign holders (Ecuador Peru) in order to clear and improve their external credit conditions. It is to be noted however that foreign investment in the region as a whole represents only a minor part of total investment particularly in the field of agriculture

TABLE 25. LATIN AMERICA VOLUME OF AGRICULTURAL EXPORTS

YEAR	Gross exports	Net exports
	1934-38 average = 100	
1950	99	88
1951	92	8
1952	80	64
1953 (prel.)	98	85

Gross exports minus gross imports.

Over all Trade and Payments Position

Under the influence of changing national and international conditions the over-all balance of trade and payments in the region improved somewhat in 1953 Although there were some increases in total exports the improvement over 1952 was mainly due to the sharp reductions in imports.

Measures contributing to improve the balance of payments situation are the reduction or elimination of export taxes the granting of preferential export exchange rates the concession of special subsidies or export premiums, and finally the more comprehensive procedure of monetary devaluation (Bolivia Chile Mexico) By these measures export proceeds in national currencies were increased and high-cost export products in danger of being priced out of the market continued to move abroad. In this way a stimulus for producing for export was maintained in spite of increasing competition from other producing areas.

Reductions in imports were more pronounced in the non-dollar countries of the region especially Brazil. In October 1953 a new exchange system adopted by this country established premiums for exports and an auction market for the sale of import permits. The new system is basically intended to encourage agriculture Not only will agricultural exports be subsidized by export premiums but proceeds accumulating from the auction of available foreign exchange which already in the first six months of operation of the new system amounted to 5 6 thousand million cruzeiros will be used for financing agricultural projects

Among the other non-dollar countries Chile was affected by a drop in the values of exports due to a decline in demand for Chilean copper The value of exports from Argentina advanced significantly because of much larger shipments of grains and wool than in recent years.

In dollar countries both exports and imports were slightly less during 1953 than in 1952. The decline in exports occurred mainly in Mexico Cuba and Venezuela because of reduced exports of cotton, sugar and minerals. Exports increased particularly in Colombia on account of the much larger volume and value of coffee shipments. In most other countries in the region imports were made at similar or slightly increased rates compared with the previous year

During 1953 as a result of trade policies and increased production, there was a sharp reversal in the past downward trend of both gross and net exports of agricultural products from the region. The index in Table 25 comprising seventy two major agricultural products, illustrates this development. The larger proportional gain in net exports than in gross exports reflects a decline in gross imports due to larger domestic production as well as the control of imports in certain countries

Domestic Demand and Prices

Latin America is a region where consumption, particularly of food is expanding very rapidly The high rate of population growth (2 4 percent per

annum) is primarily responsible but the increase in the purchasing power of the population also plays a part. These factors are naturally adding to the difficulties that countries have to face in shaping their food and agricultural policies. An urgent increase in production has to come princi pally in the way of energy producing foods which *thus compete with other more nutritionally desir* able foods in the use of available resources. The strong campaigns for increased wheat production in several deficit countries where livestock development is lagging considerably behind population growth may be explained by this quick expansion of consumer demand.

The rapid expansion in consumption also ex plains why the current picture in Latin America is one of recurrent food scarcities and inflation rather than one of surplus production and stable prices. In many instances transportation and *marketing deficiencies* contribute to make the supply problems more acute

A typical example of the problems Latin Amer ican countries are currently facing is given by Mexico. This country's economy has been expand ing rapidly during the last few years but so has its population and consumer demand. In order to check inflation last year the government adopted various restrictive measures such as a signif icant cut in the rates of public investment and tight restriction of bank credit for commercial purposes. At the same time extensive facilities were granted to agriculture for accelerating the expansion of food production.

As foreign exchange reserves continued to dwin dle Mexico in April 1954 devalued its peso by 30 percent or from 8 65 to 12.50 per dollar Through this devaluation the government expects to encourage exports and the inflow of foreign capital and to discourage competing imports and the outflow of Mexican funds. Also the govern ment hopes that this measure will correct condi tions of international disequilibrium that developed largely because of reduced export demand and *prices and the inflation of domestic prices* that took place in previous years. It is to be expected, however that further inflationary pressures on domestic prices will be felt as a consequence of the monetary devaluation, which in turn, will possibly slow down the increase in per caput consumption levels.

During 1953 fluctuations in industrial activity government trade and spending policies, as well as changes in agricultural output manifested themselves diversely in the various Latin American countries. Inflationary pressures for instance were substantially reduced in Argentina. The domestic demand for food was firm but weakened for other consumer goods. Prices generally tended to level off and the cost of living declined slightly In Brazil and Chile however inflationary pressures persisted though in the former country prices increased at slower rates than in 1952. Inflation ary conditions also persisted unabated in Paraguay and Bolivia mainly due to increased budget defi cits and expansionist bank credit policies. Scar city of supplies was felt in both countries and more noticeably of food in Bolivia. Price increases also persisted in Peru, mainly reflecting higher rates of public investment and the declining trend in the exchange value of the currency Some inflation developed in Colombia during 1953 as higher coffee prices and a progressive devaluation of the

TABLE 26. LATIN AMERICA: PRODUCTION OF SELECTED COMMODITIES

COMMODITY	1934-38 average	1948-50 average	1952/53	1953/54 (preliminary)
	Thousand metric tons			
Maize	18 000	14 500	16 200	17 795
of which Argentina	(7 892)	(2 319)	(3 550)	(4 800)
Wheat	8 620	6 130	10 880	9 770
of which Argentina	(6 654)	(5 380)	(7 564)	(6 500)
Sugar (centrifugal)	6 480	11 690	12 600	12 560
of which Cuba	(2 838)	(5 515)	(5 150)	(4 804)
Coffee	2 118	1 856	1 920	1 950
of which Brazil	(1 446)	(1 059)	(1 125)	(1 118)
Bananas	4 820	6 480	7 490	7 720
Meat	4 904	5 687	5 527	5 598
Index of all farm products	*100*	*123*	*132*	*132*

Beef and veal, pork, mutton and lamb.

Table 27 Latin America: Exports and Imports of Selected Commodities

Commodity	1934-38 average	1948-50 average	1952	1953
Gross Exports				
Maize	6 620	1 550	720	1 160
Wheat	3 445	2 370	270	2 600
Sugar	4 020	7 020	6 990	7 700
Coffee	1 395	1 630	1 503	1 710
Bananas	2 040	1 940	• 140	2 200
Beef (fresh chilled and frozen)	507	338	146	140
Wool (clean basis)	117	143	104	160
Cotton (lint)	340	370	400	470
Cacao	208	184	147	200
Gross Imports				
Wheat[1]	1 670	2 470	3 510	3 500
Rice (milled terms)	390	370	220	350
Sugar	240	360	300	310
Potatoes	180	250	200	230
Bananas	180	170	190	170
Coffee	29	49	34	35
Cotton (lint)	9	54	50	45
Beef (fresh, chilled, frozen)	8	23	25	20
Condensed and evaporated milk	25	45	60	65
Powdered milk	4	42	73	70
Index of all farm products:				
Gross Exports	*100*	*101*	*80*	*93*
Gross Imports	*100*	*155*	*190*	*156*

[1] Including wheat flour in terms of wheat

coffee export exchange rate expanded coffee growers incomes and demand The remaining countries of the region generally showed a fair degree of price stability with supplies at satisfactory levels for meeting the increased demand at stable prices both at the wholesale and the consumer level.

OCEANIA

Oceania has thus far been affected only to a limited extent by the increasing competition in world agricultural markets. Despite the region s great dependence on exports of farm products the continued strong demand for wool, meats and dairy products as well as the special marketing arrangements with the United Kingdom for the latter two groups of products have contributed toward maintaining the favorable economic position of both Australia and New Zealand in 1953/54. The major exception was to be found in wheat where there was a sharp decline in both volume and price of exports. Apart from wheat the main Oceanian export prices have continued their rising tendency up to 1953/54 with meat and dairy contract prices above 1952/53 levels and wool prices showing little change

The continued advance of export price levels has however been reflected in some further increases in the general price level in both countries. This tendency toward higher prices and thus higher costs of production is viewed with some concern, especially at a time when inflationary pressures have subsided in nearly all the region s competitive and export markets. Table 28 shows that particularly in Australia the general price level and agricultural wages have risen since 1948 more than those in Denmark and the Netherlands the major European competitors and in the United Kingdom the major export market

With the ending of rationing of meat and dairy products in the United Kingdom, increasing competition will be felt by Oceanian agricultural producers and it is unlikely that export prices will advance much further Wool prices eased somewhat early in 1954 but subsequently recovered while wheat prices may perhaps fall further As a result of the favorable conditions of production and the high labor efficiency of the region s agricultural

TABLE 28. INDEX NUMBERS OF AGRICULTURAL WAGES, COST OF LIVING AND GENERAL WHOLESALE PRICES IN SELECTED COUNTRIES

Country	Agricultural wages			Cost of living			General wholesale prices		
	1948	1952	1953	1948	1952	1953	1948	1952	1953
Australia	100	207	[1]221	100	170	178	100	184	169
New Zealand	100	142	146	100	128	134	100	140	[1]138
United Kingdom	100	125	132	100	126	130	100	149	150
Denmark	100	127	137	100	123	123	100	143	134
Netherlands	100	130	135	100	130	130	100	140	134

[1] Preliminary

NOTE All five countries devalued their currency by about 30 percent in September 1949

industry current export prices for most commodities continue to be remunerative Some price declines would not present serious problems except for Australian dairy products sugar eggs and dried vine fruits.

Farm incomes in Oceania are among the highest in the world both in absolute terms and compared with incomes of industrial workers, but if they are to be maintained at the high levels of recent years the problems now emerging are how to absorb any possible price declines by expanding the volume of production in the most profitable enterprises and how to maintain or increase present profit margins by reducing costs of production through greater efficiency

The over-all market outlook for the region's farm products however remains favorable as economic development within the region proceeds and Oceanian export markets are not likely to experience any important contractions.

The United Kingdom Market

The most important development of the year 1953/54 affecting Oceanian agriculture was the gradual elimination of government food trading in the United Kingdom Trade in grains and in meats butter and cheese was restored to private hands in 1953 and 1954 respectively At the same time rationing and price controls on meats butter and cheese were eliminated Moreover the modification of the trade and supply policy pursued in the United Kingdom involves the ending of bulk purchasing contracts The meat and dairy contracts with New Zealand lapse in 1954 and those with Australia in 1954 and 1955 respectively After this, trade will be in private hands with the exception that minimum prices for meat exports from Australia to the United Kingdom are governed by the long term agreement extending to 1967

While the United Kingdom hopes to obtain cheaper food prices by restoring competitive private trade in its domestic market any price depressing effects on major Oceanian export products are likely to be limited to wheat and dairy products, whose prices may decline under the pressure of surpluses in other exporting countries. On the other hand though market prospects for meat in the United Kingdom are somewhat uncertain as a result of the return to private trading, the total demand for meat is expected to remain strong and there is little fear of serious competition from Argentina in this market.

In the long run, adjustments may be necessary in those sectors where Oceanian production costs are less competitive e.g. dairy products in Australia, but in view of the favorable position of Oceania's meat industry compared to other exporting countries and the anticipated strong demand in the United Kingdom it is unlikely that the minimum guarantees for Australia will have to come into operation. The general guarantees of unrestricted entry granted to both countries will continue Thus, the ending of the United Kingdom bulk purchasing policy is not expected to harm the export trade of the two countries.

The volume of 1953/54 United Kingdom imports of wheat from Australia was reduced following the release of government held stocks in connection with decontrol of the grain trade and the greater availability of wheat from other sources. As imports return to normal levels a competitive market is expected of which Australia should be able to secure a good share In view of the non participation of the United Kingdom in the new International Wheat Agreement Australia's

export quota was cut by 36 percent in order to enable the country to continue to supply the traditional United Kingdom market

The United Kingdom demand for New Zealand and Australian wool is likely to remain at high levels dependent upon economic conditions remaining favorable

On balance prospects for disposing of Oceania's exportable surpluses on the United Kingdom market at remunerative prices are therefore good These prospects are further strengthened by the existence of preferential tariff protection on trade with the United Kingdom though it should be remembered that this does not cover the two important commodities of wool and wheat Furthermore where these preferences were fixed in money terms the percentage benefit to Oceania will have declined considerably since prewar

Alternative Export Markets

With trade between Oceania and the United Kingdom favored by special marketing arrangements by preferential tariffs and by membership of the sterling area alternative export markets are of minor importance except for wool and wheat.

The imposition of strict quotas on imports of dairy products into the United States virtually closes this market while the European continental markets for dairy products are likely to be very fully supplied from Denmark and the Netherlands and from the countries now turning toward exports The nearby and important Asian markets which have increased their purchases of Australian wheat especially in the form of flour do not generally have enough consumer purchasing power to buy other export products from Oceania, with the exception of wool for which Japan is a customer Nevertheless, imports of certain cheap sources of animal protein, such as skim milk powder into many underdeveloped areas in Africa and Asia have recently increased and if present development programs in those areas are successful an enlarged market may develop for such products.

Domestic Consumption Levels Prices and Future Prospects

As a result of generally favorable economic conditions and the rapid growth of population in the region partly due to heavy postwar immigration, the domestic demand for farm products has been very strong in recent years Food consumption levels have remained high in both countries. Nevertheless in Australia consumption per caput of some of the main protective foods e.g butter eggs, beef mutton and pork has remained somewhat below prewar levels since rationing was ended probably because of consumer resistance to higher prices. This tends to reduce average returns to farmers in some branches of Australian agriculture e.g. dairying poultry farming and dried vine fruits for which there are price schemes designed to raise producers returns from domestic sales above the level ruling in the export markets. In view of the uncertain market outlook for dairy products, the Australian government has not raised 1953/54 farm price guarantees despite ascertained increases in production costs, contrary to the usual practice In New Zealand export returns have remained profitable and domestic consumption levels of dairy products which already are very high have shown a rising trend in recent years with an increase in consumer subsidies. Farm prices in New Zealand were held below export prices up to the 1953/54 season and by this means the New Zealand dairy industry has been able to build up a large stabilization reserve (N.Z.£ 24.5 million) against any decline in export prices Conditions for a further expansion of dairy production in New Zealand appear to be favorable

The rather sharp declines during 1953/54 in the world wheat market have caused some concern in Australia which traditionally exports over half her wheat crop. Although recent trends in Australian wheat production are due mainly to fluctuations in weather conditions, planted acreages declined steadily until 1952/53 but rose somewhat in the 1953/54 season. At the same time officially ascertained costs of production have increased sharply while the average farm price has shown little change. It appears therefore that the relative profitability of wheat production in Australia must have declined especially as farmers returns from livestock products have risen over the past five years. Despite the rising level of production costs and the fall in export prices during the 1953/54 season, the Bureau of Agricultural Economics considers that the Australian wheat industry has so far maintained its favorable position in comparison with North America as a traditional low-cost producer Moreover the recent increase in the price of wheat for home consumption and some easing in wool and domestic meat prices suggest that the incentives for wheat production may have improved and that the decline in the Australian wheat acreage may be checked.

TABLE 29. OCEANIA: PRODUCTION OF MAJOR FARM PRODUCTS

ITEM	1934-38 average	1948-50 average	1952/53	1953/54 (prel.)
	Thousand metric tons			
Australia and New Zealand:				
Wool, clean	322	404	466	458
Meat	1 675	1 743	1 816	1 926
Butter	[1]377	338	376	352
Australia				
Wheat	4 200	5 381	5 313	5 416
Sugar	766	951	967	1 274
Index of all farm products	*100*	*112*	*121*	*123*

[1] New Zealand 1939 Australia 1938-39

Producers' returns, in both countries from wool and meat production, with the possible exception of pigmeat continue at remunerative levels and the expected high demand in domestic and over seas markets in the near future seems likely to encourage a further expansion in the output of these products.

TABLE 30. OCEANIA: EXPORTS AND IMPORTS OF MAJOR FARM PRODUCTS

ITEM	1934-1938 average	1948-1950 average	1952	1953
	Thousand metric tons			
Gross Exports				
Australia and New Zealand				
Wool (clean)	293	451	440	474
Meat (carcass)	510	654	689	713
Butter	240	232	231	201
Australia				
Wheat [1]	2 787	2 399	2 223	2 675
Sugar	480	390	246	742
Gross Imports				
New Zealand				
Wheat	39	164	230	194
Index of all farm products				
Gross Exports	*100*	*129*	*126*	*129*
Gross Imports	*100*	*155*	*160*	*157*

[1] Including wheat flour in wheat equivalent.

On the whole therefore current and pros tive market opportunities appear to be favor to a further expansion in the region's agricult production. By further utilization of its agri tural resources, concentrating on the produc of those commodities which enjoy the grea comparative advantage Oceania may well conti to contribute even more to world export supp

THE FAR EAST

The year 1953 witnessed the passing of the a phase of the postwar food shortage in the East. A larger production of food grains materially reduced the import demand of a n ber of countries, and with the recovery of al doned rice areas in some of the surplus produc countries, the sellers market in rice virtu disappeared. But the basic problems of pove malnutrition, and unbalanced diet of the g majority of Asians remain to be solved.

Problems and Programs of Developm

Attention must now be focused on the probl of raising consumption levels and of improv the health and efficiency of half the world's po lation concentrated in this region. The pot tialities for economic expansion of this vast for the most part under-developed region great Equally formidable are the limit factors and market forces that condition resou development Most governments in the regi consider that the vicious circle of low incon poor consumption and static production can or be tackled by state intervention in planning a financing agricultural and economic developme

In implementing their first Five Year Pla India and China each in its own way are und going economic and social revolutions. Becau of the fact that these two countries togeth account for over two-fifths of the world's popul tion, their economic progress is of great signi cance both to the region and the world Exce where peace and security are threatened or eme gency conditions prevail, governments of oth Far Eastern countries are also implementing deve opment programs though on a less comprehensiv scale

In 1953/54 agricultural and economic develo ment was slow and halting in the countries whe the national income is heavily dependent on expo earnings of one or two specialized products. Unde the prewar regimes much private capital and in

ported technical skill went into these countries for profitable production of plantation or export crops while basic food crops were relatively neglected. That situation has imparted an imbalance to agriculture and a degree of rigidity to the national economies. How to diversify agricultural production in these countries or more specifically how to grow more food for home consumption and raise a variety of cash crops for wider export markets are the main problems of development.

National self-sufficiency motivates much of the current development planning. In allocating scarce resources high priority is generally given to agricultural development and to promotion of transport, power and other basic facilities without which industry cannot expand. Since the natural resources of the region are diverse and its population density uneven, its economies are largely complementary and there is much scope for expansion of intra-regional trade in food and agricultural products. This is part of the wider question of the co-ordination of national economic policies and development programs which was raised at the recent Conference at Colombo of the Prime Ministers of Burma, Ceylon, India, Indonesia and Pakistan, although no positive action to that end was taken.

Changing Pattern of Agricultural Production and Trade

Most countries of the region are passing through a period of transition in which national food and agricultural policies are being readjusted and foreign economic and trade relations re-oriented in consequence of the waning influence of the colonial empires, each with its special economic and trade ties with the metropolitan countries concerned. But although many prewar trade preferences have been eliminated, the prewar pattern of economic relations still influences the foreign trade of many of the new states. The progress of industrialization and general trend toward self-sufficiency are beginning to affect the pattern of agricultural production and consumption as well as the volume and direction of foreign trade in food and agricultural products. The region as a whole remains a large net importer of food, although expenditure of foreign exchange on food imports is tending to shrink.

In all Asian countries food is produced largely by subsistence farmers on extremely small holdings. They are generally influenced more by basic consumption requirements of their families than by profit motives to grow more food for the market

TABLE 31. FAR EAST: NET TRADE IN CEREALS

ITEM	1934-38 Average	1948-50 Average	1951	1952	1953	1954 (Prel.)
			Million metric tons			
Net Exports						
Burma	3.04	1.20	1.27	1.25	0.85	1.50
Associated States of Laos, Cambodia, Viet Nam	1.78	0.15	0.33	0.19	*0.17	0.15
Thailand	1.37	1.16	1.59	1.40	1.32	1.40
Others	2.29	0.72	0.36	0.90	*0.03	0.10
TOTAL	8.48	2.73	3.55	3.74	2.49	3.15
Net Imports						
Ceylon	0.56	0.66	0.60	0.69	0.80	0.80
India	1.07	3.02	4.97	3.06	2.07	0.00
Japan	1.89	2.76	3.5[illegible]	3.35	3.65	4.10
Malaya	0.62	0.64	0.60	0.63	0.72	0.00
Others	0.70	1.03	1.63	1.97	*2.32	1.20
TOTAL	5.74	7.61	11.35	10.58	9.56	7.60
Trade Balance						
Net exports	2.74					
Net imports		4.88	7.80	6.84	7.07	4.45

Excluding China (mainland).
Estimated

In Japan where land and water resources are well developed the yield of rice per hectare is among the highest in the world. The poor average yield in most countries of the region is due to general under-development of land and especially of water resources. Even with traditional farming practices production per hectare and per person can be expanded materially given fuller development of basic resources. The results of the annual crop competitions organized among small farmers by the agricultural authorities in India illustrate the possibilities of ordinary farming methods put to optimum use.

Improvement of Supplies of Basic Foods

Under the pressure of critical postwar shortages many governments initiated food production drives out of which have emerged much of the national development policies and programs in the field of agriculture. In the last two years these have contributed materially to the expansion of food production in the region. Except in Pakistan and Japan, weather conditions have also been generally favorable. Moreover prices of rice, wheat and other grains have been more remunerative than non food products. This has provided added incentive to food production. Available statistics which are far from perfect and by no means strictly comparable suggest that grain production in the region, excluding China, in 1953/54 was nine million tons or about nine percent above the prewar level. The inference that the increase in food production has failed to keep pace with the growth of population is also supported by the continuing high level of net cereals imports into the region. However the 1954 import programs of governments suggest a significant improvement in the supply situation of cereals in the region.

The First Five Year Plan of India

Among the under-developed countries India is unique in the degree to which it has planned an integrated development of its mixed economy on the basis of self help and without undue regimentation. State control is applied only at strategic points in order to ensure that the pattern of development is in line with the First Five Year Plan. Essentially the plan envisages public financing of resource development with high priority for expanded production of food and fibers in the first five years. The policy objective in this period is to restore the prewar level of consumption and divert any surplus saving from current consumption into investment for further economic development.

Recent developments in the field of food and agriculture of special significance are the community development projects and the large-scale irrigation schemes and the multi purpose river valley projects which are under way and in some cases nearing completion. Community development, which is integrated with agricultural extension services now covers nearly 40 million people living in about one-eighth of India's half a million villages. The increased tempo of activity in constructing minor dams, irrigation wells and canals, making of compost, increasing the use of commercial fertilizers, introducing better tools and improved seed will eventually make an important contribution to the expansion of food and agricultural production. The success of last year's experiment in adopting the Japanese method of rice cultivation on 1.4 million hectares is a significant pointer to the possible improvement of small holders' yields in the years ahead.

TABLE 32. INDIA: AGRICULTURAL PRODUCTION UNDER THE FIVE YEAR PLAN

COMMODITY	Base year (1950/1951)[a]	1951/1952	1952/1953	1953/1954 (prel.)	1955/1956 target
	Million metric tons				
Food grains:					
Cereals	46.2	43.1	47.4	55.0	52.8
Pulses	8.2	8.4	8.6	9.0	9.2
Total	54.4	51.5	56.0	64.0	62.0
Sugar (gur)	5.7	6.2	5.3	5.4	6.4
Oilseeds (5 main types)	5.2	4.9	4.7	5.6	5.6
Cotton	0.53	0.56	0.54	0.68	0.75
Jute	0.60	0.85	0.85	0.57	0.98

[a] Except for food grain for which the relatively good crop year of 1949/50 has been taken as the base period.

Favorable weather and development programs have combined to make the year 1952/53 a turning point in Indian agriculture. In this year the production of food grains was four million tons (ten percent) above the output of the previous year and the improvement continued in 1953/54 with a further increase of about eight million tons. As a result imports of cereals have fallen from the postwar peak of 4.7 million tons in 1951 to 3.0 in 1952 and 2.0 in 1953. Prices and distribution of basic foods are being gradually decontrolled as the supply situation improves.

Although grain production in 1954 is about equal to consumption requirements India is to

import 900 000 tons of rice from Burma in order to build up a food reserve this is about one third of the prewar average of 2.7 million tons of which 1 7 came from Burma and the balance from the grain surplus areas now within Pakistan.

Judging from present production trends the targets for grain production should be reached well within the Plan period. The position of commercial crops other than cotton and oilseeds is somewhat less promising Strong export demand will however influence the production of tea, coffee tobacco nuts and spices important earners of foreign exchange and for which no targets have been set under the Plan.

Development Problems and Policies of Pakistan

Pakistan s economic policy has stressed rapid industrialization of the country and in recent years cotton and jute textile industries for instance have been given higher priority than agricultural development

Economic conditions in Pakistan deteriorated rapidly after the collapse of the Korean " boom. Sharp declines in foreign demand and export prices of its two main cash crops jute grown in East Bengal and cotton produced in West Pakistan, reduced the tempo of agricultural development The partial failure of the wheat crop for two successive seasons transformed the country s small food surplus into a heavy deficit Further pressure was placed on foreign exchange resources by the purchase of nearly 700 000 tons of wheat in 1952/53 In 1953/54 however the United States supplied 610 000 tons as a gift and Canada and Australia contributed further supplies through the Colombo Plan.

With food shortage coinciding with the fall in prices of Pakistan s main export products the agricultural authorities were confronted with the problem of growing more food at the expense of cash crops. Not only were the price support schemes for jute and cotton withdrawn, but measures were also taken to cut the jute area drastically and grow more rice instead In 1953 jute output fell to less than half its 1952 level. In 1954 production of cereals is expected to be about one million tons above the output in the previous year The country is now in a better position to finance agricultural development schemes. The immediate objectives of the economic policy of the government are to regain self-sufficiency in food as quickly as possible and to push ahead with its industrial programs

Economic Difficulties of Ceylon and Malaya

The economies of Ceylon and Malaya are broadly similar in that they both have attained a relatively high national income through agricultural specialization at the risk of insecurity with regard to basic food only a fraction of which is home grown. In recent years the economic situation of both fluctuated widely due to a rapid rise followed by an equally sharp fall in the export prices of rubber and a similar movement of their terms of trade. Ceylon has already undertaken a number of irrigation and power development projects as well as land reclamation and colonization schemes to reduce its dependence on imported rice and also to diversify its economy In order to finance its development projects of high priority the government has reduced the food subsidy suspended some social services and increased the charges for public utility services. The Federation of Malaya, a British territory is still faced with a serious emergency situation, which is drawing heavily on the resources of the Colony and the Metropolitan country Much of the funds available for economic development is being spent on improvement of transport and communications and the share of agriculture is relatively small.

Reduction in Export Incomes of Burma and Thailand

The relative prosperity of the rice-surplus countries of Southeast Asia particularly that of Thailand and Burma may decline with the emergence of the buyers market in rice unless they can export more rice or promote trade in other commodities, e g., timber minerals etc In Burma the rice trade a state monopoly has accounted for three fourths of the foreign exchange earnings since 1951 and has covered the heavy cost of re-establishing internal security rehabilitating the war-devastated rice industry and reviving the forestry mining and oil enterprises. Thailand which suffered little war damage and has been producing and exporting more rice than before the war is also facing a loss of revenue from the state-controlled rice trade and with an adverse balance of trade has had to cut non-essential imports

Transitional Economies of Indonesia and the Philippines

Both Indonesia and the Philippines are passing through a difficult period of transition. With the virtual disappearance of her former sugar

trade two thirds of Indonesian earnings of foreign exchange come from rubber copra, tea palm oil and tin, commodities for which demand and prices have fluctuated sharply To save foreign exchange the government is endeavoring to increase rice production by 200 000 tons annually with the intention of reaching self sufficiency in 1956 Progress is reported to have been good and rice imports fell from the peak of 760 000 tons in 1952 to less than 300 000 tons in 1953

The Philippines have already regained their prewar self-sufficiency in rice and efforts are being made to improve the quality of the diet Insufficiency of feeding stuffs has hitherto conditioned the improvement of livestock and increased production of meat and dairy products. The programs for the development of the cattle poultry and pig industries are likely to be stepped up in the coming years. But the country is facing economic difficulties because of its persistent trade deficit and the reduction in direct American aid. The position may become more difficult after July 1954 when her traditional exports to the United States are liable to increasing export duties and a diminishing free quota.

Industrial Progress and Improvement of Food Consumption in Japan

Many of the present day food and agricultural problems of Japan arise from postwar territorial changes population increases, as well as economic and social readjustments. The rehabilitation of the war-devastated industrial economy has received a higher priority in investment than agriculture. Although the Japanese have adopted very efficient methods of rice cultivation yields could be raised still further for example through more effective control of plant diseases and pests. The rapid expansion of industrial output is reflected in the improvement of food consumption, which has surpassed the prewar level. A significant change in the pattern of diet has also taken place with the increasing substitution of other cereals for rice and a rise in the consumption of milk products and sugar

TABLE 32. JAPAN FOOD SUPPLY PER CAPUT

COMMODITY	1934 38 Average	1952	1953
	Grams per day		
Rice	360 7	285 1	300 2
Wheat	26 3	71 4	63 3
Barley	12 0	44 4	36 2
Peas and beans	15.3	7 9	8 ?
Milk and dairy products.	6 4	21 2	21 3
Sugar (refined)	12 9	17 7	25 1
Potatoes	11 0	41 6	41 4
Sweet potatoes	64 7	66 7	66 0

SOURCE *The Oriental Economist* Tokyo, January 1954

Imports of cereals into Japan are now twice as heavy as before the war Because of the partial crop failure in 1953 imports of 4.15 million tons of cereals have been programmed for 1954 This compares with the total imports of 3 45 million tons in 1953 3 66 in 1952 and 1 85 before the war Japan is also the largest single market in the region for such export products as sugar soybeans dairy products rubber and raw cotton.

Economic Development in China

In 1953 the Central People s Government embarked on its first Five Year Plan for economic development which laid special emphasis on industrial expansion. This implies increased imports of capital goods, especially heavy engineering equipment in exchange for food grains and other agricultural products. China has already ceased to import rice, wheat wheat flour tobacco gunny sacks and raw cotton and for some of these has become an exporter It has, for instance entered into a five year trade agreement with Ceylon in 1952 under which the latter receives 270 000 tons of Chinese rice in exchange for 50 000 tons of sheet rubber each year

Grain crops harvested in 1953 are now estimated to have been as good as in the previous year With the improvement of inland transport the overhaul of the grain collection and distribution system, and the availability of substantial surpluses of millets and soybeans in Manchuria, any recurrence of serious and widespread food shortage seems unlikely In the last three years agricultural prices have been stabilized resources developed and farming methods improved The extension of peasant proprietorship after the expropriation of the landlords is reported to have provided an incentive for increased agricultural production. But because of the dense rural population the farms are extremely small and much fragmented and to counter this impediment to efficient farming, the authorities are organizing peasants into mutual aid teams. No significant steps have yet been taken toward organizing farming into producers co-operatives collective and state farms, although the ultimate policy objective is to establish " fully socialist large-scale mechanized collective farms.

TABLE 34 FAR EAST: PRODUCTION OF SELECTED COMMODITIES

COMMODITY	1934-38 average	1948-50 average	1952/53	1953/54 (prel.)
	Thousand metric tons			
Rice (milled equivalent)	65 388	64 861	67 864	73 130
Wheat	12 126	11 293	10 987	10 930
Other cereals	26 407	24 259	27 120	28 605
TOTAL CEREALS	103 923	100 413	105 971	112 775
Pulses	8 077	9 916	9 847	9 964
Sugar	6 568	5 215	6 897	7 044
Vegetable oils	4 403	4 224	4 547	4 943
Tea	454	500	562	562
Tobacco	793	607	638	660
Cotton	1 090	710	921	958
Jute	1 696	1 428	2 122	1 046
Rubber	983	1 574	1 706	1 628
Index of all farm products	*100*	*99*	*106*	*108*

TABLE 35. FAR EAST: EXPORTS AND IMPORTS OF SELECTED COMMODITIES

COMMODITY	1934-38 average	1948-50 average	1952/53	1953/54 (prel.)
Gross Exports				
Rice	6 940	2 840	3 350	2 650
Thailand	(1 388)	(1 178)	(1 413)	(1 342)
Vegetable Oils	1 800	1 260	1 320	1 120
Tea	398	391	410	480
India	(149)	(191)	(188)	(225)
Tobacco	110	57	68	60
India	[1](21)	(28)	(42)	(39)
Cotton	740	270	310	335
Pakistan	[1](613)	(203)	(246)	(282)
Jute	790	1 780	845	980
Pakistan	[1](768)	(631)	(565)	(980)
Rubber	965	1 560	1 660	1 584
Malaya	(420)	(660)	(580)	(578)
Gross Imports				
Rice	6 830	2 980	4 000	3 160
Wheat	1 750	4 220	5 810	6 250
India	[1](50)	(1 715)	(2 560)	(1 578)
Cotton	980	510	750	700
Japan	(779)	(214)	(428)	(484)
Index of all farm products				
Gross Exports	*100*	*65*	*71*	*70*
Gross Imports	*100*	*73*	*100*	*91*

India and Pakistan.
Excludes Singapore entrepôt trade

NEAR EAST[1]

The rapid expansion of Near East food and agriculture in recent years has naturally brought special problems along with it. Some of these problems are related to the particular structure of the region's food and agricultural economy and are of a more permanent nature while others are the result of external factors either long term or transitory of which current changes in the global supply and demand situation are the most important. The impact of the latter obviously varies with the special agricultural and economic characteristics of individual countries currently their effects are most marked in those areas where long range policies and programs for food and agricultural development had caused major changes in the volume or in the orientation of production.

The problems reviewed here are grouped under three headings production, trade and consumption, although clearly they are closely inter connected. A final section summarizes recent adjustments made in existing policies and programs in some major countries of the region.

Production

The most striking features emerging from an analysis of recent trends in production in the Near East are on the one hand the uneven geographical distribution of the expansion achieved and on the other the appreciable variations in the extent to which individual commodities or commodity groups have contributed to this expansion. Progress tends to be concentrated largely in food surplus countries like Turkey Syria and Iraq In major deficit countries like Egypt and the Lebanon, production has developed more slowly and on a per caput basis, has thus far failed to recover its prewar level. As to commodities while all major crops shared to a varying extent in the advance made the largest expansion has taken place in grains the output of which in 1953/1954 reached a record level of 32.6 million tons or more than one half and one third respectively over the prewar and postwar average (Table 38) In contrast with the sustained expansion of grains trends in production of cotton which are largely determined by developments in foreign demand have been more erratic the sharp increase between 1951 and 1952 being more than offset by a decline of about one-fifth during the following year Relative to the rate of increase of crop production, expansion of livestock products has been much slower

Basically these trends reflect the rigidity of the pattern of Near Eastern agriculture in which rather limited zones of highly intensive production, mostly cultivated under irrigation and frequently dependent on export markets alternate with vast areas of extensive grain production and with equally large areas of nomadic and semi nomadic livestock breeding Efforts to stimulate agricultural expansion have not yet substantially modified this basic pattern. Emphasis has often been on crops which are relatively easy to expand such as grains and in countries like Turkey Syria and Iraq for instance there is still ample scope for further progress toward diversification of production through the adoption of more intensive crop rotations including forage crops and the reduction of fallow (Table 36)

In many countries of the region however there are serious obstacles which stand in the way of such an adaptation of agriculture weakness of the agrarian structure resulting either from an excessive subdivision of the land in small uneconomic holdings, or from an extreme concentration

TABLE 36 NEAR EAST: LAND UTILIZATION IN SELECTED COUNTRIES

Item	Turkey	Iraq	Syria	Cyprus
	Percent			
Grain	48	42	36	22
Fallow	27	49	48	26
Other arable land	9	3	12	42
Total arable land	84	94	96	90
Orchards and vineyards	8	2	4	10
Meadows	8	4		
Total cultivated area	100	100	100	100
	Million hectares			
Total cultivated area	20 7	5 6	4 2	0 6
Additional grazing lands	33 1		5 6	—

... Not available
— None or negligible
SOURCES Turkey: Statistical Resumé No 6 Land Utilization 1951;
Iraq Preliminary Result 1952/53 Agricultural Census
Syria Estimates, Ministry of Agriculture and Wheat Board
Cyprus Agricultural Census 1950

[1] This term is taken to include the countries from Turkey in the North to Ethiopia and the Somalilands in the South from Libya in the West to Afghanistan in the East

in large estates often cultivated under share cropping arrangements poverty of the farmers which leaves no surplus for even the most necessary investment in fertilizers and other agricultural improvements poor health conditions and wide spread malnutrition in rural areas. Much has already been achieved by Near East governments to improve these conditions, e g through measures to increase the flow of agricultural credit dissemination of more efficient farming techniques and improvement of agrarian structures. Further progress may be expected as development programs now under way begin to bear fruit

Nevertheless, the transformation of Near Eastern agriculture along more intensive lines is likely to be a slow process. Realization of the physical possibilities of improvement requires considerable amounts of investment which in much of the Near East are not readily available. The oil producing countries of the region form a special case Here the problem is the direction of spending While Iraq and Iran are endowed with rich resources capable of intensive development other oil producers are faced with a lack of productive enterprises on which to spend. In most other parts of the region, however development has to be financed from local resources and in many countries, capital is inadequate to meet even minimum investment needs. Regional arrangements of the type proposed in 1953 at a meeting of the Ministers of Finance and National Economy of the Arab States to facilitate the movement of funds within the Near East deserve careful consideration Also noteworthy are the long term credits recently granted by some European countries to Turkey and Iran for the purchase of machinery and equipment.

Trade

The postwar period has been characterized by important shifts both in the volume and composition of the region's foreign trade The gradual intensification of development policies and programs and the expansion of the oil industry have caused an increasing demand for capital equipment foodstuffs and other consumer goods, and imports have increased rapidly During 1953 however the expansion of imports has not been maintained Following the disappearance of the raw materials boom and the subsequent fall in export proceeds there was a substantial decline in imports in most countries. The decline was accelerated by a sharp contraction in food imports reflecting the expansion of local production and the effects of programs to attain greater self sufficiency in basic foods such as had been initiated for instance in Egypt in 1952

Exports of food and agricultural commodities which in most countries account for a very high proportion of the total (excluding oil and oil products) averaged some seven percent over the prewar volume during 1950-52 A sharp increase took place in 1953 with exports exceeding the prewar average by more than one fifth Prices, however have generally been lower with the notable exception of coffee exports from Ethiopia.

The relatively slow development of Near East food and agricultural exports since the war has been influenced by several factors some short term in character others more lasting in their effects. Higher domestic requirements of food stuffs and raw materials have sometimes resulted in reduced export availabilities A fundamental difficulty however is the limited range of Near Eastern export commodities for some of which such as fresh and dried fruits nuts and tobacco, marketing difficulties are considerable while others like cotton, are particularly sensitive to fluctuations in the level of economic activity in the importing countries or to competition from alternative sources of supply As shown in Table 37 some progress has been made in the past two years toward a further diversification of the export structure. In particular the growing importance of grain exports is to be noted.

It is uncertain to what extent the currently emerging pattern of Near East exports with its increasing concentration on basic agricultural commodities will be maintained The appearance

TABLE 37 NEAR EAST COMPOSITION OF EXPORTS OF FOOD AND AGRICULTURAL PRODUCTS

COMMODITY	1934-38 average	1949-51 average	1952	1953
	Percent			
Cotton	45	45	42	47
Fruits and vegetables.	18	17	18	15
Grain	10	14	16	17
Vegetable oilseeds and oils (incl. oilcake)	11	5	7	6
Tobacco	4	8	7	7
Other	12	11	10	8
TOTAL	100	100	100	100

of large surpluses especially of grain and cotton in North America, and the decline in prices of raw materials have already caused a sharp fall in the foreign exchange receipts of Egypt and the Sudan, whose export trade is essentially dependent on cotton. The grain surplus countries like Turkey Syria and Iraq are also experiencing marketing difficulties as exports decrease in either volume price or both. Resulting policy changes are discussed later

Consumption

Rapidly increasing populations and the gradual growth of incomes associated with economic development are causing the demand for food to expand steadily In the past two or three years supplies from local production supplemented in some instances by imports have on the whole been adequate in relation to effective demand. This does not imply of course that food supplies have been satisfactory in all respects. Progress has been mainly in the intake of energy producing foods like grains and protective foods of higher nutritive value such as animal products and pulses have not shown a corresponding increase Improvement in the general standards of food consumption remains desirable over vast areas where subsistence farming is predominant as well as in many urban centers.

There is evidence that lack of transport and distribution facilities is becoming a serious obstacle to the expansion of consumption, particularly in those countries where the improvement of production has been most marked. In some areas of intensive cultivation of fruits and vegetables marketing difficulties have forced farmers to cut down production. In contrast where adequate processing and marketing facilities have recently been established such as milk conservation plants in certain cities, local demand for and production of milk are increasing sharply There are also indications that government policies with respect to retail prices of food particularly livestock products by imposing maximum prices in an attempt to reduce the cost of living have sometimes discouraged the development of production. It would seem that in many countries of the region the problem of reconciling adequate incentives to producers to expand production in a desirable direction with prices to consumers which will not discourage consumption has hardly been tackled. A satisfactory solution will involve in most instances additional action both to reduce costs of production by raising agricultural productivity and to lower costs of distribution by improvements in the marketing system.

Adjustments in Food and Agricultural Policy

The preceding paragraphs have outlined the main difficulties of food and agricultural development in the Near East In production, the problem in much of the region is the achievement of further progress toward a more intensive pattern of agriculture especially through a closer integration of crop and livestock farming to make possible an improvement in the standards of consumption. Expansion of consumption moreover will require a considerable development of marketing and distribution facilities to permit the absorption of the products of an expanding agriculture Apart from weaknesses inherent in the social structure the obstacles to progress along these lines are with the notable exception of the oil producing areas often of a financial character In many countries shortage of capital imposes serious limitations on the scope of government action and this difficulty has been accentuated by the fall in foreign exchange receipts resulting from the decline in export prices of many products of the region.

Where policy adjustments are being made in the light of the changed conditions of supply and demand it is generally emphasized that no change in basic policy is intended The objective remains a further expansion of agriculture not only to meet the requirements of a rapidly growing population but also because stagnation in agriculture would be a deterrent to progress in other sectors of the economy

The adjustments made vary of course with the particular situation and the problems of each country Among the grain surplus countries the impact of falling world prices has probably been most serious in Turkey where substantial surpluses mainly of wheat and barley have been available for export during the past three years. Supplies have moved rather slowly however while average export values have steadily declined in the case of wheat for instance from $111 per ton at the end of 1952 to $76 per ton in December 1953 With guaranteed prices paid to farmers varying from $99 to $106 per ton for the 1953/54 season, there is thus a large difference between local and export prices which is met from government funds.

In spite of present difficulties however it is hoped to maintain a steadily expanding volume of exports with emphasis on basic agricultural commodities like grains and cotton. Special attention is being given to measures to improve the quality of Turkish export products, in particular through the development of better grain varieties and the improvement of grading and standardization. Since failure to meet delivery dates has not infrequently resulted in loss of sales and has tended to keep prospective buyers out of the market programs for the expansion of transportation and storage facilities have been speeded up. While the system of guaranteed grain prices is to be maintained modifications have recently been introduced to increase prices of coarse grains relative to wheat and to provide additional premiums for certain types of grain like hard wheat for which demand prospects are considered favorable. Although these changes have come too late to influence this year's production, it is likely that a shift will take place next year toward larger output of coarse grains.

With the significant improvement in Turkey's standards of living over the past four years particularly in rural areas measures have been taken to encourage expansion of output of livestock products to meet demand from higher incomes. It is expected that part of the coarse grain production will be absorbed by the livestock industry. Expansion of transportation facilities may also lead to a widening of the market for fruits and vegetables of the Mediterranean region and for fish consumption of which has been confined to the coastal areas and the cities.

While differing in scale the problems of Syria with its growing export economy are not unlike those of Turkey and government action is largely on similar lines. High priority is being given to programs for improving transportation facilities particularly with a view to moving supplies more quickly from the newly developed Euphrates and Jezireh districts.

With expansion of production expected to continue the need for quality improvement is increasingly being realized. Recent measures include provision for wider distribution of improved wheat varieties through the Wheat Board while activities of the Cotton Bureau with respect to seed distribution, ginning and grading continue to increase.

In the food deficit countries the problems of production and consumption are particularly pressing in Egypt. Failure of production over the past decades to provide adequate consumption standards for a rapidly growing population had caused a large increase in imports of basic foodstuffs, especially grains. Following the very sharp fall in cotton prices during 1951 and 1952 the Egyptian Government faced with serious balance-of payments difficulties, embarked upon a policy of greater self-sufficiency in food including such measures as the introduction of improved wheat varieties and hybrid maize. At the same time the price of local wheat was greatly increased a minimum acreage to be sown to wheat established and the area under cotton restricted. As a result production of wheat increased to 1.5 million tons in 1953 an increase of one third over the preceeding year and imports declined by over one half. The output of cotton fell by 30 percent.

Whether the trend toward greater self-sufficiency will be maintained in future years is still uncertain. Reviving demand for Egyptian cotton lower prices of imported wheat and an improved balance of payments position have already caused some

TABLE 33. NEAR EAST: PRODUCTION OF SELECTED COMMODITIES

Commodity	1934-38 average	1948-50 average	1952/53	1953/54 (preliminary)
	Thousand metric tons			
Wheat	9 900	10 200	14 000	15 900
Barley	4 300	4 800	6 400	6 900
Total grain[1]	21 500	23 800	29 200	32 600
of which Turkey	(7 200)	(7 [illegible]00)	(11 000)	(13 900)
Sugar	220	300	500	560
Citrus fruit	790	730	960	1 100
of which Israel	(403)	(267)	(331)	(400)
Cotton (lint)	560	620	800	660
of which Egypt	(470)	(391)	(446)	(317)
Tobacco	85	115	123	160
Index of all farm products	*100*	*115*	*134*	*139*

[1] Including rye, oats, maize, millet and sorghum, and rice

TABLE 39 NEAR EAST: EXPORTS AND IMPORTS OF SELECTED COMMODITIES

COMMODITY	1934-38 average	1948-50 average	1952/53	1953/54 preliminary
	Thousand metric tons			
Gross Exports				
Wheat	240	240	620	750
Barley	360	340	630	810
Total grain [1]	940	1 020	1 560	1 920
Citrus fruit	340	240	240	270
of which Israel	(200)	(211)	(162)	(222)
Cotton (lint)	470	480	460	590
of which Egypt	(375)	(363)	(270)	(346)
Tobacco	35	65	60	75
Gross Imports				
Wheat	300	1 240	1 710	1 500
of which Egypt	(16)	(483)	(902)	(487)
Total grain [1]	470	1 670	1 960	1 720
Sugar	320	510	470	520
Index of all farm products:				
Gross Exports	*100*	*97*	*105*	*121*
Gross Imports	*100*	*185*	*223*	*220*

[1] Including rye, oats, maize, millet and sorghum, and rice.

relaxation in acreage restrictions on cotton and a reduction in the price of locally grown wheat. It is unlikely that under present conditions, Egypt can achieve more than an uncertain balance between the alternatives either to raise and sell more cotton and import food or to limit cotton and grow its own food.

These examples of recent policy developments in some major countries of the Near East show that the adjustments made are largely within rather narrow limits. In most cases, they have been determined by external factors e.g trends in demand for Near Eastern exports and developments in the balance-of-payments situation. Only exceptionally has any attempt been made to link programs for the expansion of production with special measures for a general improvement of consumption. Where this has been the case attention has been directed mainly to urban areas. In most of the region, the problem of improving consumption standards in the subsistence sector remains virtually untouched

AFRICA [1]

The problems of agricultural development in Africa are accentuated rather than changed by the present world situation. Some areas have already sharply felt the effects of lower prices for commodities now in more abundant supply but in such areas as in those whose prosperity has not yet been affected, the basic problems remain the same as before. Such needs as the diversification of the more precariously based economies the development of internal markets, the improvement of transport and attention to the quality of production have become more urgent while the improvement of food consumption remains the most important problem of all.

Actual surpluses are at present only of local importance in Africa. Stocks of butter and cheese are growing in the Union of South Africa, but it is hoped to clear them by a campaign to stimulate home consumption and by exports to other parts of Africa. The maize surplus in Uganda arising from the unexpectedly heavy 1953/54 crop was sold in Kenya and Tanganyika where there were serious shortages though Uganda producers have been asked to limit future production to the territory's requirements. In 1953 Algerian wine output regained the prewar level with an abrupt rise of 50 percent which will necessitate the distillation of a greatly increased quantity

But surpluses in other parts of the world especially of oilseeds and cotton, have already had pronounced effects in some African territories. A

[1] Excludes Egypt Eritrea, Ethiopia Libya, the Somalilands and the Sudan.

fall in cotton prices of nearly 40 percent reduced Uganda's favorable balance of trade from £23 million in 1952 to about £8 million last year West African territories and in particular the producers of palm products, are feeling the effects of the changed oilseeds situation. During 1953 the Nigeria Oil Palm Produce Marketing Board had to draw for the first time on its accumulated funds to meet guaranteed prices, to the extent of £3.7 million for palm oil and £0.7 million for palm kernels. The price announced for palm oil in 1954 shows a fall but does not completely reflect the movement in world prices. The separate Nigerian Boards established to market individual products have recently been reorganized into Regional Boards, each responsible for all the major export crops of the region. Palm products are produced in both the eastern and western regions and it is therefore possible that there may be different regional prices, especially as the eastern region may not out of its small reserves be able to continue the stabilization of palm oil prices. Another new development for the British West African territories is that with the return of the United Kingdom trade in oilseeds to private hands the government's long term contracts will end in June 1954 instead of 1955.

The Diversification of Economies

Some African economies depend heavily on the export of one or two agricultural products and are thus sensitive to fluctuations in world markets. The extreme examples are the virtually complete dependence of Mauritius and Réunion on their exports of sugar and of the Gambia on groundnuts but some others are almost as striking. Often a single commodity largely determines the balance of payments position and the export duty on it furnishes a major part of budgetary revenue. The sharp effect of lower cotton prices on Uganda's balance of payments was cited above: cotton normally represents nearly 70 percent of the value of this territory's exports and the duty on it provides a third of its revenue.

The development of mineral resources and of processing industries and the encouragement of alternative crops are features of many development plans. In some territories however it will be a long time before much can be achieved toward reducing the present overwhelming predominance of one or two crops. Recent changes in world markets emphasize the vulnerability of such economies and should thus tend to accelerate their diversification. In French West Africa for instance there is already a tendency for producers to transfer from oilseeds to the more profitable beverage crops. The purchasing power (1938 = 100) of coffee was estimated at 250 and of cocoa 200 in this territory in 1952 as opposed to 117 for palm oil and 85 for palm kernels.[1]

The Development of Internal Markets

Growing domestic demand for agricultural products with increasing populations and the emergence of non-agricultural activities is likely to bring a greater element of stability to African agriculture by diminishing dependance on agricultural exports. Before the war net exports of groundnuts and oil were about 60 percent of the region's production in the 1948-52 period net exports represented only about 40 percent of a production which had almost doubled. Over the same period net exports of sugar fell from 30 to 15 percent of production, while production increased by nearly 50 percent. With an uncertain export situation more producers will find that production for internal trade may be itself profitable and faces a more stable market. However it cannot of course compensate for any severe deterioration in the export situation as local demand itself depends greatly on the incomes derived from exports.

Local processing of some export products has also increased. Before the war only about one percent of African groundnut exports was in the form of oil and the region was in fact a net importer of groundnut oil but in 1948-52 about 30 percent of exports was in this form, mainly from French West Africa. About a quarter of the exports of oil went to other African territories. The region's small consumption of raw cotton increased more than fourfold between 1938 and 1952 with especially striking rises in the Belgian Congo and the Union of South Africa. However per caput consumption of all cotton products still supplied largely from imports appears to have increased very little during this period.

The increased production of food for the domestic market is an essential basis of further economic expansion. Efforts are being made to increase food production in most areas rice and sugar in particular being planted on newly irrigated or cleared land. Increased rice production is being

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[1] Maurice Langelle: "L'évolution du marché français des huiles concrètes dans le cadre mondial" *Chroniques d'Outre Mer* Dec. 1953 Jan. 1954.

promoted in the French territories, where reliance on export crops is very pronounced. In the development plan for the Belgian Congo great emphasis is placed on the internal market.

Any substantial increase in food production involves drawing on what is at present the subsistence sector. Farmers in the hinterland are often almost completely cut off from the rest of the country, have little incentive to produce for sale and thus make a negligible contribution to the economy. If they can be linked with the rest of the economy by marketing facilities and by transport and if adequate storage can be provided for their produce, their increased incomes will stimulate demand for all the products of the economy. The problem is to turn the subsistence farmer into a specialist producer of food for the specialist producers of exports. Increased production in the present subsistence sector has its dangers of course and close attention must be paid to such technical factors as the acceleration of erosion.

The Improvement of Transport

The remarkable expansion of Africa's exports in the past fifty years has gone hand in hand with the development of transport, and this is still the essential basis for future progress. The accumulation of stocks of groundnuts at Kano in Nigeria is only one instance of the congestion of railway and port facilities that is frequent at peak marketing periods. Most development plans recognize this need by allocating the largest proportion of resources to transport, and considerable improvements have already been made in Africa's ports and railways, though often at a slower rate than was originally hoped.

Transport improvements are also essential for the integration of the subsistence producer with the rest of the economy. The present situation is such that often he can export only his labor. Roads are required to link the hinterland with the more developed areas based on the export of agricultural and mineral products, so that it becomes profitable to produce a surplus of food crops for sale. For example much of the food at present imported for the Gold Coast cocoa farmers could, as is recognized in the development plan, be produced in the territory's own hinterland if transport facilities were provided.

The Quality of Production

Increased competition in world markets makes further attention to quality imperative. Much has already been achieved by the price policies of the Marketing Boards in the British administered territories and by co-operative organizations elsewhere. In Nigeria the production of "Special Grade" palm oil increased from one percent of total marketings in 1950 to 50 percent in 1953. Nevertheless, the yield and quality of the produce of West Africa's wild oil palms are still considerably behind the Far Eastern plantation industry.

Much progress is expected from the distribution of improved varieties of seeds and seedlings in most territories. In Madagascar, for example, old coffee trees are being replaced by seedlings of the "robusta" variety distributed free, and great increases in yields are expected.

In many cases pests and diseases take immense toll. In spite of the intensive eradication campaign, swollen shoot is still a serious problem in the Eastern Province of the Gold Coast and some parts of Nigeria. Damage from capsids and black pod rot also greatly reduces the cocoa harvest.

TABLE 40. AFRICA: PRODUCTION OF SELECTED COMMODITIES

Commodity	1934-38 average	1948-50 average	1952/53	1953/54 (preliminary)
	Thousand metric tons			
Wheat	2 500	2 830	3 460	3 420
of which French North Africa	(1 968)	(2 042)	(2 672)	(2 656)
Barley	3 090	2 480	2 770	2 670
of which French North Africa	(2 019)	(2 225)	(2 603)	(2 502)
Maize	4 490	5 670	6 520	6 960
of which Union of South Africa	(1 995)	(2 444)	(3 163)	(3 569)
Rice (paddy)	1 680	2 370	2 690	2 560
Sugar (raw)	910	1 220	1 480	1 520
Groundnuts (oil equivalent)	440	650	800	820
Index of all farm products	*100*	*124*	*136*	*137*

Food Consumption and Nutrition

The most important problem is still the improvement of food supplies. Very little is known of the diet of the African farmer so much of which comes from plantains and other wild plants that go unrecorded but it is certainly often very precarious. Many parts of the region are liable to periodic droughts and famines entailing as in Tanganyika last year the expensive purchase and transport of supplies by the government. If the harvest is short there is often a hungry gap before the spring flush of wild plants and even after a good harvest the same gap often occurs because of the absence of storage facilities.

In general, per caput food supplies appear to have increased since before the war The small net export of cereals has decreased although production increased and in 1952 and 1953 the region was actually a net importer Net exports of sugar have also fallen. During and since the war there have been very rapid increases in per caput sugar consumption in almost all parts of Africa. The per caput supply of groundnuts and oil also appears to have increased considerably

These improvements in food supplies are of course based on a very low prewar level. The large increases in sugar consumption would not have been possible but for the extremely low levels that prevailed before the war Much of the improvement in food supplies has undoubtedly been in the more developed Union of South Africa and it is likely that much of the rest has gone to the relatively prosperous producers of cocoa and minerals. Furthermore improvements in the quality of the diet are as urgent as improvements in quantity and there is no evidence that much has been achieved in this direction. Improvement of diets in Africa faces many obstacles in particular the difficulties of livestock farming in many parts of the region and the persistence of tribal habits and prejudices.

TABLE 41 AFRICA EXPORTS AND IMPORTS OF SELECTED COMMODITIES

COMMODITY	1934-38 average	1948-50 average	1952/53	1953/54 (preliminary)
	Thousand metric t			
Gross Exports				
Total cereals	1 470	1 240	1 260	1 230
Sugar	660	680	760	770
Groundnuts (oil equivalent)	230	270	260	300
Groundnut oil	[1] 3	71	87	160
Palm kernels and oil (oil equivalent)	302	338	338	360
Palm oil	243	321	350	370
Cocoa	462	480	468	520
Coffee	114	242	290	200
Cotton (lint)	130	190	220	230
Sisal	158	203	248	240
Wool (clean basis)	53	54	60	60
of which Union of South Africa	(45)	(50)	(55)	(53)
Gross Imports				
Total cereals	760	1 060	1 350	1 350
Sugar	370	460	630	720
Index of all farm products:				
Gross Exports	*100*	*116*	*130*	*127*
Gross Imports	*100*	*137*	*172*	*176*

[1] In this period the gross imports averaged over 40 000 tons.

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Transport improvements are also essential for the integration of the subsistence producer with the rest of the economy The present situation is such that often he can export only his labor Roads are required to link the hinterland with the more developed areas based on the export of agricultural and mineral products, so that it becomes profitable to produce a surplus of food crops for sale For example much of the food at present imported for the Gold Coast cocoa farmers could as is recognized in the development plan, be produced in the territory's own hinterland if transport facilities were provided.

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In many cases pests and diseases take immense toll. In spite of the intensive eradication campaign, swollen shoot is still a serious problem in the Eastern Province of the Gold Coast and some parts of Nigeria. Damage from capsids and black pod rot also greatly reduces the cocoa harvest

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Rice (paddy)	1 680	2 370	2 680	2 560
Sugar (raw)	940	1 320	1 480	1 620
Groundnuts (oil equivalent)	440	650	800	820
Index of all farm products	*100*	*124*	*136*	*137*

Food Consumption and Nutrition

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In general, per caput food supplies appear to have increased since before the war The small net export of cereals has decreased although production increased and in 1952 and 1953 the region was actually a net importer Net exports of sugar have also fallen. During and since the war there have been very rapid increases in per caput sugar consumption in almost all parts of Africa. The per caput supply of groundnuts and oil also appears to have increased considerably

These improvements in food supplies are of course based on a very low prewar level. The large increases in sugar consumption would not have been possible but for the extremely low levels that prevailed before the war Much of the improvement in food supplies has undoubtedly been in the more developed Union of South Africa and it is likely that much of the rest has gone to the relatively prosperous producers of cocoa and minerals. Furthermore improvements in the quality of the diet are as urgent as improvements in quantity and there is no evidence that much has been achieved in this direction. Improvement of diets in Africa faces many obstacles in particular the difficulties of livestock farming in many parts of the region and the persistence of tribal habits and prejudices.

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Palm oil	243	321	350	370
Cocoa.	462	480	468	520
Coffee	114	242	290	290
Cotton (lint)	130	190	220	230
Sisal	158	203	248	240
Wool (clean basis)	53	54	60	60
of which Union of South Africa	(45)	(50)	(55)	(53)
Gross Imports				
Total cereals	780	1 050	1 350	1 330
Sugar	370	460	630	720
Index of all farm products:				
Gross Exports	*100*	*116*	*130*	*127*
Gross Imports	*100*	*157*	*172*	*176*

In this period the gross imports averaged over 40 000 tons.

Chapter IV

REVIEW AND OUTLOOK BY COMMODITIES

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WHEAT

Supplies and Trade

The striking advance in wheat production in 1952/53 was maintained in 1953/54 some decline in the major exporting countries being almost completely offset by increases in other countries. Owing to the large stocks built up in the previous year in the four major exporting countries available supplies in 1953/54 greatly exceeded the reduced import requirements. Stocks in these countries on 1 July 1954 were expected to total 49 million tons compared with 34 million tons a year earlier and an average of 19 million tons in the years 1948-52.

The increase in stocks has taken place largely in the United States and Canada and is primarily the result of their high production in recent years and partly of some shift in import demand to non dollar sources. World wheat shipments in 1952/53 at 26.1 million tons were smaller by 2.2 million tons, or eight percent than in the preceding year and in 1953/54 declined further by nearly 16 percent being tentatively estimated at 22 million tons. Shipments from the United States and Canada however were only 13 million tons compared with 22 million tons in 1951/52 and their July stocks increased over these two years by 26 million tons. Those in the United States have trebled while those of Canada have more than doubled

The proportion of the total world import requirements supplied by the two dollar exporting countries, which rose to 75 to 80 percent in 1951/52 and 1952/53 mainly owing to the reduced export capacity of Argentina in these years fell below 60 percent in 1953/54 when Argentina's exports recovered quite substantially Australia was unable to maintain its previous relatively high rate of exports in 1953/54 The remaining exporters have made a steady if slow advance in their exports which in 1953/54 are provisionally estimated to have reached 4.0 million tons or 18 percent of the world total. This remains lower in absolute and relative terms than in the thirties. In 1951/52 and 1952/53 the U.S.S.R. and Eastern European countries as a group were the main suppliers followed by France North Africa and Turkey In 1953/1954 these with the addition of Sweden, were again the main suppliers among the minor exporters.

Europe whose import demand has been rather stable in recent years at about 13 to 14 million tons despite continuous improvement in domestic production, achieved a sharp advance in its 1953 wheat crops and reduced its imports by ten per cent. Notably good production was obtained in

TABLE 42. WHEAT PRODUCTION

COUNTRY	1934-38 average	1949	1950	1951	1952	1953
	Million metric tons					
Four major exporting countries[1]	[2]44.6	51.0	51.1	48.2	67.0	60.0
18 European countries[3]	30.6	29.3	30.6	30.1	32.6	35.2
Asia (excl. China)	20.5	19.0	21.4	22.4	23.5	25.7
Latin America (excl. Argentina)	2.0	2.6	2.9	2.8	3.0	3.2
Others	15.8	15.3	16.1	17.0	16.4	16.9
WORLD TOTAL (excl. U.S.S.R. and China)	[2]113.5	117.2	122.0	120.5	142.4	141.1

[1] Canada, United States, Argentina, Australia.
[2] 1937-41 average for Canada and the United States as the average production for the years 1934-38 was abnormally low owing to the effect of the extreme droughts of 1934 and 1936.
[3] Austria, Belgium, Denmark, Finland, France Germany (Western), Greece Ireland Italy Luxembourg Netherlands, Norway Portugal, Spain, Sweden, Switzerland United Kingdom, Yugoslavia.

TABLE 43   WHEAT AND WHEAT FLOUR EXPORTS

COUNTRY	JULY JUNE					
	1934/35-1938/39 average	1949/50	1950/51	1951/52	1952/53	1953/54 (prel.)
	Million metric tons wheat equivalent					
Canada	4 8	6 2	6 1	9 4	10 5	7 1
United States[1]	1 4	8 3	10 1	13 0	8 7	5 8
Argentina	3 3	2 4	2 8	0 8	0 8	3 1
Australia	2 9	3 1	3 6	2 7	2 8	2 0
Total 4 countries	12 4	20 1	22 6	25 9	22 8	18 0
Others[2]	5 1	2 2	3 1	2 4	3 3	4 0
of which :						
French North Africa	0 5	0 2	0 3	—	0 3	0 2
France	0 6	0 6	1 0	0 4	0 5	1 1
Turkey	0 1	—	—	0 2	0 6	0 8
Sweden	0 1	0 1	—	—	0 1	0 5
U.S.S.R. and Eastern Europe	2 2	0 7	1 0	1 2	1 1	0 9
WORLD TOTAL	17 5	22 3	25 7	28 3	26 1	22 0

The following extraction rates have been used in converting flour to wheat equivalent : Argentina and Australia 70 %; Canada 72.6 % ; United States 71.4 % ; other countries 75 %.
[1] Figures include exports under the various United States foreign aid programs, and shipments to territories and possessions, but exclude exports of flour made from Canadian wheat imported for milling in bond
[2] Including exports from U.S.S.R. and countries within the Soviet orbit, but excluding trade within this group.
— None or negligible.

TABLE 44   WHEAT AND WHEAT FLOUR IMPORTS

COUNTRY	July June					
	1934/35 1938/39	1949/50	1950/51	1951/52	1952/53	1953/54 (prel.)
	Million metric tons, wheat equivalent					
EUROPE[1]	11 9	12 9	12 9	14 4	13 7	12 3
of which						
Germany (Western)	[2]0 7	2 4	2 4	2 2	2 3	2 4
Italy	0 7	1 2	1 2	1 8	1 2	0 7
United Kingdom	5 8	4 7	4 2	4 9	4 7	4 0
ASIA	1 9	5 6	5 2	8 0	5 5	
of which						
India	[3]0 1	1 7	2 1	4 1	1 4	0 7
Japan	0 4	2 0	1 6	1 7	1 2	1 7
OTHER CONTINENTS	3 1	4 2	5 7	6 5	6 4	
of which Brazil	1 0	1 1	1 4	1 4	1 4	1 5
WORLD TOTAL	16 9	22 7	23 8	28 9	25 6	22 0

[1] Excluding imports of countries within the Soviet orbit
[2] Total Germany
[3] India and Pakistan.
Not available

Italy where only a limited import of durum wheat was necessary in Yugoslavia (a heavily deficit country in the previous year) Greece the United Kingdom and Sweden, the last named exporting substantial quantities. Spain alone owing to a long drought harvested a significantly smaller crop Domestic food grain crops in Asia were also generally better but imports in 1953/54 were only slightly lower than in the previous year owing to the continuation for part of the year of Pakistan s exceptional imports following its poor 1953 crop and to the extra Japanese requirement created by reduced wheat and rice crops. India however was able to cut down its imports materially following the improvement in its domestic food grain crops in the last two seasons.

TABLE 45. WHEAT: ESTIMATED STOCKS ON 1 JULY IN THE FOUR MAJOR EXPORTING COUNTRIES[1]

YEAR	Canada	United States	Argentina	Australia	Total
	Million metric tons				
1934-38 av.	3.8	4.3	2.7	1.8	12.7
1948	2.9	5.3	3.5	2.9	14.6
1949	3.7	8.4	3.4	2.8	18.3
1950	3.8	11.6	2.7	3.5	21.6
1951	6.3	10.8	2.5	3.0	22.6
1952	7.4	7.0	1.2	2.3	17.9
1953	11.4	15.3	4.8	2.9	34.4
1954 (prel.)	17.0	22.5	4.2	4.2	48.9

[1] Based on official data, and estimates of the US Department of Agriculture and FAO. For convenience of comparison, all estimates relate to 1 July and cover all supplies on hand on 1 July including domestic requirements for the period remaining up to the beginning of the countries' respective crop years where this is not 1 July (i.e. 1 August for Canada and 1 December for Argentina and Australia).

Prices and Marketing Developments

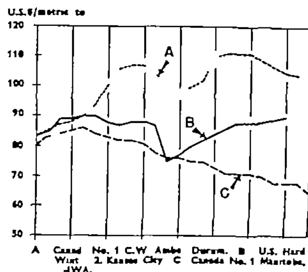
With the entry into operation in August 1953 of the renewed International Wheat Agreement (IWA) with increased maximum and minimum prices sales were initially made at prices higher than those ruling under the previous contract. But there was a decline in subsequent months and by June 1954 the quotation for Canadian No 1 Northern was equivalent to U.S. $1 75 compared with $2.05 in early August 1953 the maximum of the new price range. There was also a steady decline in the prices of wheat exported outside the Agreement and over most of the year Canada and Australia were charging identical prices for export sales within and outside the IWA except for certain grades. Since early December 1953 the United States also has put on sale certain quantities for export outside the Agreement at the same prices as those for IWA sales. The gap between the prices of non-dollar non IWA wheat (e.g. Argentina) and dollar wheat also diminished further during 1953 during most of 1953/54 wheat of different origins was being quoted at a fairly uniform level after allowance is made for quality differentials. Sales of wheat forming part of trade agreements were in some instances still made at higher levels than ordinary transactions but some fall also occurred in these cases.

The decline in prices, as measured by Canadian No. 1 Northern, by 8 June 1954 was 12 percent compared with July 1953 and 16 percent compared with July 1952 (non IWA sales). Argentine sales were being made at prices 18 percent lower than in the previous year Comparable figures for early June 1954 for United States wheat as measured by Chicago quotations for nearest futures however were practically the same as a year earlier though 15 percent lower than in June 1952.

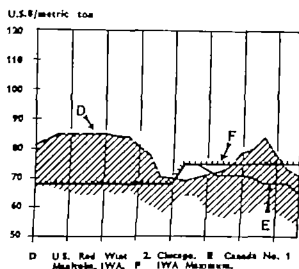
On the other hand domestic prices in general continued to be determined mainly by national marketing arrangements and are still largely insulated from the forces at work in export markets Among the exporting countries Canada alone operates a marketing scheme under which prices to the domestic consumer are the same as those for export and the returns to wheat growers are determined by the receipts from sales domestic and export though the bulk of the wheat is marketed through the official marketing agency In Australia also under the recently expired marketing scheme growers have been receiving the proceeds from sales but the price for domestic sales has been fixed by legislation and a deduction made from export proceeds for payment into a stabilization fund intended to implement a guaranteed minimum in years of low prices. The renewal of these arrangements is now under discussion. In almost all other countries however support programs are practised involving government payments or some form of price maintenance In the United States the wheat producer may either market his wheat commercially or dispose of it under the support program to the government at a rate equivalent to 90 percent of parity Over the past two years the commercial price has tended to fall below the support price especially in periods of heavy farm marketings and a large quantity has consequently moved into government holdings. This has limited the supplies of wheat available in commercial markets and tended in time to strengthen the market price By the end of the 1953/54 season, nearly all the United States carry-over was held by the Commodity Credit Corporation (CCC) the government agency which operates the farm support program. United States prices have consequently been firmer than those in other exporting countries, though they also weakened at the end with improving news of the 1954 crop The market prices now ruling are significantly above export levels so that sales made under the IWA require the provision by the government of a subsidy which by early June amounted to over 50 cents per bushel. Sales of CCC holdings outside the IWA are now made at Agreement prices to a limited extent while some special sales against importers currencies are being made under the military aid and other programs.

FIGURE XII — Monthly Average Prices of Grain July 1952 June 1954

Wheat
(Cash prices in U.S.A. and Canada)

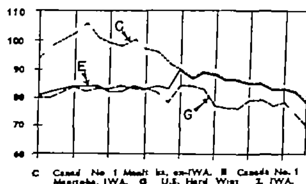


A Canad No. 1 C.W. Amber Durum. B U.S. Hard Wint 2, Kansas City C Canada No. 1 Manitoba, -IWA.

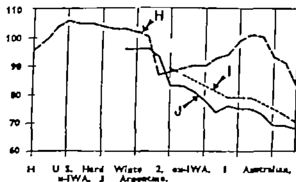


D U.S. Red Wint 2, Chicago. E Canada No. 1 Manitoba, IWA. F IWA Maximum.

Wheat[1]
(c.i.f. prices, Northwestern Europe)

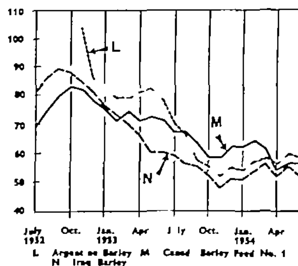


C Canad No. 1 Manit ba, ex-IWA. E Canada No. 1 Manitoba, IWA. G U.S. Hard Wint 2, IWA.

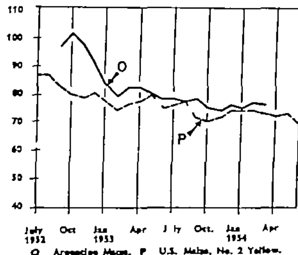


H U.S. Hard Winte 2, ex-IWA. I Australian, ex-IWA. J Argentine.

Coarse Grains[1]
(c.i.f. prices, Northwestern Europe)



L Argent ne Barley M Canad Barley Feed No. 1 N Iraq Barley



O Argentine Maize. P U.S. Maize, No. 2 Yellow.

Canada wheat cash prices ar basis ... at Fort William Port Arth ... Si ... the first week of August 1953 cash prices for Clas II xport and fo IWA sales have bee identical. The shaded surface indicates US, IWA subsidies, East Coast. Figures for June are based on incomplete data.

Source Die Weltmärkte wichtiger Nahrungsmittel Bonn.

In Argentina the price to producers has remained at 50 pesos per quintal equivalent to US $100 per ton, considerably more than the recent returns on export sales calculated at official rates of exchange Export sales by France and Turkey are similarly made at prices below those paid to their producers.

Among importing countries the outstanding recent marketing development has been the restoration of free trading in grain in the United Kingdom and the re-opening of the London and Liverpool grain markets. Domestic wheat producers will continue to receive a guaranteed price for the wheat they market deficiency payments being made to them by the government to cover the difference between the open market price and the standard guaranteed price. Prices to producers in other European countries are still to a large extent supported by governments and in several cases are now above the price of imported wheat

The International Wheat Agreement now covers a smaller proportion of world trade. The total guaranteed sales and purchases owing to the non participation of the United Kingdom and the withdrawal before ratification of Italy and Sweden, amounts to only 10 6 million tons compared with 15 8 million tons in the last year of the previous Agreement. This quantity is less than half the current volume of world trade in wheat but actual transactions under the Agreement are substantially smaller than the full guaranteed amount, sales in the first eleven months of the 1953/54 Agreement year totaling only six million tons.

Outlook

With the enforcement of acreage restrictions and marketing quotas the United States wheat crop of 1954/55 will be smaller than those of recent years but the early estimates indicate that these measures may not succeed in reducing output to the quantity required to meet domestic needs and exports at current levels. The carryover in mid 1955 may thus show a further increase though not on the scale of the previous two years. Supplies in Canada in 1954/55 despite some fall in the wheat area are again likely to be very ample while Argentina and Australia are also in a position to continue exports at least at their recent rate for some time European production may not prove quite as large as last year s, but import demand is not likely to show more than a limited increase. With ample reserves from recent crops in India, a better stock position in Japan and generally increased rice supplies Asia s import requirements are likely to decline Thus large excess supplies will continue to overshadow the market in 1954/55 Pressure on prices will continue and while the policies of exporting countries have hitherto prevented the large accumulations of stocks from exerting their full effects on markets the problems of financing and storage may induce exporting countries to adopt more competitive selling policies and to make greater use of special disposal measures, such as sales against importers currencies or on other special terms. Such tendencies were becoming more apparent at the end of the 1953/54 year Yet owing to the relatively stable demand for wheat and assuming the maintenance of recent production trends in importing countries there seems little prospect of increases in commercial import demand large enough to effect a significant working down of stocks. The further curtailment in acreage to be applied to the 1955 crop in the United States may check further accumulation there and less favorable seasons may reverse the present increasing trend in stocks. Meanwhile supplies are likely to continue to be very ample for at least the coming two seasons

COARSE GRAINS

Supplies and Trade

Supplies of coarse grains in 1953/54 were generally adequate with crops again at a high level and with increased stocks carried over from the previous year Trade appears to have been no larger in volume than in 1952/53 and prices declined further The supplies remaining at the close of the year were larger than at the opening

Production in the countries exporting feed grains was slightly below the high level of the preceding year owing to reductions in the United States maize crop and in the Canadian crops of barley and oats. Total supplies however were somewhat larger than those available in 1952/53 owing to some increase in opening stocks The Argentine maize crop (harvested in April/May 1953) was materially larger than the previous crop and the 1953 production of barley and oats compared well with prewar averages even though it was below the bumper crops of the previous year

With few exceptions European countries obtained larger crops than in the preceding year This was due to improved maize crops especially

TABLE 46 COARSE GRAINS PRODUCTION [1]

ITEM	1934-38 average	1949	1950	1951	1952	1953
	Million metric tons					
Four major exporting countries[2]	[3]107.7	125.0	126.6	120.8	130.7	127.6
18 European countries	35.2	32.7	30.4	36.2	33.1	38.5
Latin America (excl Argentina)	10.8	13.6	13.8	14.5	14.0	14.4
Asia (excl China)	31.4	30.1	29.9	30.4	34.1	34.8
Others	19.5	40.6	38.4	40.6	40.6	41.0
WORLD TOTAL (excl. U.S.S.R. and China)	224.5	241.9	239.1	242.5	252.5	256.3
of which:						
Barley	35.5	36.4	39.3	42.3	46.2	47.1
Oats	46.8	46.9	48.8	49.9	49.1	47.6
Maize	114.2	129.8	120.0	121.6	127.9	133.3

[1] Barley, oats, maize, millets and sorghums.
[2] Canada, United States, Argentina and Australia.
[3] 1937-41 average for Canada and United States.

in Yugoslavia and Italy and an increase in barley. The latter crop is now grown in larger amounts, mainly as a result of improved yields, the United Kingdom, France and Denmark accounting for much of the increase which, compared with 1934-1938, is equivalent to over 50 percent. Although the production of oats was about the same as in 1952/53 the declining tendency of this crop appears to be continuing.

Imports of coarse grains into Europe, which in recent years have accounted for about 70 percent of world trade, were larger in 1953/54 than in the preceding year, despite the improved indigenous production. The increase was due mainly to larger quantities taken by the United Kingdom, in the form of Argentine maize and Canadian and Iraqi barley. This increase may be due in part to the purchases made by the government in preparation for the decontrol of trade, partly to the termination of feed rationing and partly to the trend of increasing livestock population.

Total exports of coarse grains in 1953/54, provisionally estimated at 12.8 million tons, were about the same as those of the preceding year. Argentina, after two years of indifferent crops, obtained a larger maize crop and excellent crops of barley and oats and these increases were reflected in larger exports. The United States, Canada and the remaining exporters, however, did not export as much as in the preceding year.

Prices in general continued to decline in 1953 but the decline was less steep than in 1952 and the final months of 1953 and the early months

TABLE 47 COARSE GRAINS EXPORTS [1] (JULY-JUNE)

COUNTRY	1934/35-1938/39 average		1949/50		1950/51		1951/52		1952/53		1953/54 (prel.)	
	Maize	Total Coarse grains	Maize	Total Coarse grains	Maize	Total Coarse grains	Maize	Total Coarse grains	Maize	Total Coarse grains	Maize	Total Coarse grains
	Million metric tons											
Argentina	6.5	7.2	1.2	1.8	0.2	0.5	0.6	1.1	0.6	1.0	1.3	2.8
Australia	—	0.1	—	0.4	—	0.5	—	0.6	—	0.7	—	0.5
Canada	—	0.5	—	0.8	—	0.9	—	2.3	—	2.7	—	3.4
United States	0.8	1.1	2.8	4.1	2.9	5.7	2.0	4.4	3.1	4.1	2.7	3.2
Total 4 countries	7.3	8.9	4.0	7.1	3.1	7.6	2.6	8.4	3.7	9.5	4.0	9.9
Others	2.9	5.5	1.5	4.0	1.2	3.3	2.0	4.3	0.6	3.3	0.7	2.9
WORLD TOTAL[3]	10.2	14.4	5.5	11.1	4.3	10.9	4.6	12.7	4.3	12.8	4.7	12.8

[1] Barley, oats, maize, sorghums and millets.
[2] Excluding trade between countries in the Soviet orbit except for the prewar period.
[3] Excluding China.
— None or negligible

TABLE 48 COARSE GRAINS IMPORTS[1] (JULY-JUNE)

COUNTRY	1934/35-1938/39 average	1949/50	1950/51	1951/52	1952/53	1953/54 (prel.)
	Million metric tons					
Europe[2]	1 0	8 9	7 6	9 8	7 9	9 0
of which						
Belgium	1 2	1 0	0 8	0 9	1 0	
Germany (Western)	1 2	1 0	0 8	1 0	0 6	
Netherlands	1 4	1 6	1 1	2 0	1 6	1 2
United Kingdom	4 3	1 6	2 0	2 2	2 2	2 0
Asia[3]	0 7	0 9	1 8	1 7	2 3	
of which :						
India	0 1	0 1	0 9	0 7	0 3	
Japan	0 2	0 6	0 7	0 6	1 3	
Others	1 5	1 2	1 2	1 6	2 2	
WORLD TOTAL	14 2	11 0	10 7	13 1	12 4	12 8

[1] Barley, oats, maize, sorghums and millets.
[2] Excluding imports of countries in the Soviet orbit except for the prewar period.
[3] Excluding China.
Not available

of 1954 showed some strengthening The fall was least marked in the case of United States maize No 2 Yellow at Chicago averaging $1 61 per bushel in May 1954 compared with $1.57 in January 1954 and $1 63 in May 1953. Argentine maize which had lost most of its premium over United States maize by the beginning of 1953 did not diverge substantially from the latter up to the early summer of 1954 though forward positions were being quoted in May at a significant discount The steady price of United States maize is partly explained by the much greater use of the loan program made by growers in 1953/54 The maize holdings of the Commodity Credit Corporation on 31 March 1954 including both its own inventory and the quantity pledged for loans amounted to over 20 million tons against 13 million tons a year earlier

United States feed type barley stood at $1.24 in January 1953 fell to $1 02 in July and was $1 04 in January 1954 easing slightly in the following months. Canadian barley on the other hand, was 88 Canadian cents in April 1954 compared with $1 10 in January 1953 Argentine and Iraqi barley showed very similar movements to Canadian but their net decrease was somewhat larger Oats also declined Canadian No. 2 being 73 Canadian cents per bushel in April 1954 compared with 81 cents in January 1953 The most striking fall was shown by rye Canadian No 2 reaching 89 cents per bushel in April 1954 compared with $1 62 in January 1953.

Outlook

If the 1954 growing season does not prove unfavorable supplies of coarse grains in 1954/55 will be ample Stocks of feed grains remaining in the United States at the end of the 1953/54 year are expected to be substantially larger than a year before while the output of the 1954 crops taken from a somewhat larger area despite the restrictions applied to the commercial maize area, will prove larger than that of 1953 In Canada, the carry-over of barley and oats will be about the same as in the preceding year while the area sown in 1954 is a little larger than in previous years. The maize crop in Argentina harvested in April/May 1954 showed a further improvement though it was still substantially short of prewar production. Probable import requirements appear to be adequately covered by prospective export supplies, but supplies, though tending to increase slightly should not develop a serious surplus character in the near future especially if pig production expands in the United States, as is now anticipated and livestock production elsewhere continues to grow

RICE

The sellers market for rice which had prevailed almost continuously since the end of the war has ended. Production has again risen noticeably World trade however has contracted sharply

mainly owing to the reduced imports of India and Indonesia. Stocks accumulated in South East Asia and export prices began to be lowered there towards the end of 1953 Imports will probably expand in 1954 but this may prove to be a temporary feature unless price relationships change to make rice more attractive to consumers.

Current Situation

More rice was harvested in 1953/54 than in any previous year nearly eight percent more than in 1952/53 which had itself been a record year A very sharp fall in Japan s crop was outweighed by the increased quantities reaped in most other rice-growing countries. Relatively high prices for rice and various forms of assistance provided by governments led to a widespread expansion of the area sown to rice and weather conditions were generally favorable As in the previous year the greatest increase in production was registered by India where a three percent larger acreage yielded a crop greater by 20 percent Pakistan also harvested an excellent crop Among the exporting countries Thailand and the United States reaped record crops, while Burma s rice production fell short of that of the previous year

While more rice was thus grown less rice was moved across frontiers in 1953 than in 1952 and still less than in 1951 This is not due to any lack of supplies available for export but to some of the former main importers' lesser willingness to buy Larger home grown supplies were used partly to reduce imports, while consumption was still restricted by rationing in some countries. Furthermore importers continued to regard the prices of other cereals as more advantageous than those of rice The sharpest falls in rice imports occurred in India and Indonesia each of which bought in 1953 half a million tons less abroad than in the preceding year Amongst exporters, the most affected by these changes was Burma, whose shipments declined by 300 000 tons i e by almost one-quarter Other countries which had rice available for export suffered somewhat less, partly because Brazil and Egypt which had become important exporters in recent years had only sufficient rice for home needs as a result of their relatively poor 1952/53 crops

TABLE 49 RICE (PADDY) PRODUCTION

COUNTRY	1934-38 average	1946	1948-50 average	1951	1952	1953 (prel.)
	Million metric tons, paddy					
India	[1]32.3	30.3	33.5	31.6	34.3	41.3
Pakistan.	[1]11.2	12.8	12.6	11.8	12.4	13.9
Japan	11.5	11.5	12.0	11.3	12.4	10.3
Indonesia :						
Java and Madura	6.1	4.3	8.4	6.0	6.4	[3]9.9
Other islands.				3.2	3.2	
Burma	7.0	3.8	5.2	5.5	5.8	5.8
Associated States of Laos, Cambodia and Viet Nam	6.5	[2]4.3	5.0	5.4	5.5	[2]5.5
Thailand.	4.4	4.6	6.8	7.3	6.6	8.2
Other Asia.	12.5	10.0	10.7	10.5	11.6	12.0
Total Asia (excl. China mainland)	94.5	84.6	94.2	92.6	98.1	106.9
Other continents	6.4	9.4	11.1	11.3	12.3	12.6
WORLD TOTAL (excl Eastern Europe China and U S.S.R.)	100.9	94.0	105.3	103.9	110.4	119.5

[1] 1936-38 average
[2] Unofficial estimate
[3] Not available.

Exports thus contracted while production expanded As a consequence stocks began to accumulate in some countries particularly where sellers were slow in adapting themselves to the changed market conditions. The bulk of these stocks is in South East Asia where they are estimated to have been somewhat in excess of one million tons (in terms of milled rice) at the end of 1953 a very small quantity in relation to world consumption (about one percent) but significant in proportion to present annual world trade (about one quarter).

TABLE 50 WORLD TRADE IN MILLED RICE

COUNTRY	1934-38 average		1948-50 average		1951		1952		1953 (prel.)		1954 forecast	
	Export	Imports	Export	Imports	Export	Imports	Export	Imports	Exports	Imports	Exports	Imports
	Mill metric t as milled											
Burma	3 1		1 2		1 3		1.3		1 0		1.5	
Thailand	1 4		1 2		1 6		1 4		1 3		1 4	
Associated States of Laos Cambodia and Viet Nam	1 3		0 1		0 3		0 2		0 2		0.2	
United States	0 1		0 5		0 5		0 8		0 7		0 7	
Italy	0 1		0 1		0 2		0 3		0 2		0 2	
China		0 7		0.3	0 1		0 2		0 3		0.2	
India		1 9		0 7		0 9		0.8		0 2		0 7
Japan		1 7		0 3		0 8		1 0		1 1		1 5
Malaya (Fed.)		0 5		0 5		0 5		0 4		0.5		0 4
Indonesia		0 3		0 2		0 4		0 8		0 3		0 2
Other Asia	2 3	1 0	0 3	0 8	0 3	1 0	0 3	0 8	0.2	1 0	0.2	0 9
Other areas	0 3	2 2	0 6	1 0	0 7	1 2	0 5	0 9	0.3	0 9	0 2	0 9
WORLD TOTAL	8 6	8 3	4 0	3 8	5 0	4 8	4 9	4 7	4 2	4 0	4 6	4 6

Total exports are exports of domestic rice from surplus producing countries; in addition about 300 000 metric tons of domestic rice in prewar and less than 50 000 tons in postwar years were exported by net importing countries. Imports are net figures.

With more rice to sell and faced by a smaller import demand some of the chief exporters after long resistance reduced their prices during the second half of 1953 thus reversing the upward tendency which had prevailed for over three years. The new record crop of the United States started to sell at 30 percent below old crop prices but there was some subsequent recovery to a level — about 25 percent below the maximum — which was maintained from the late autumn of 1953 to the late spring of 1954 when Zenith No 2 was selling at $207 per metric ton, f.o.b. New Orleans. On government to government contracts the Burmese authorities agreed to reduce their prices by about 20 percent provided buyers committed themselves for several years ahead The basic quality (Small Mill Specials 42 percent brokens) is accordingly priced on such contracts at £60 ($140) per ton for 1954 £48 ($134) for 1955 and £46 ($129) for 1956

Outlook

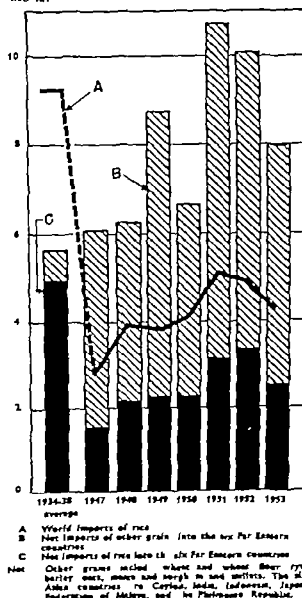
World trade in rice will probably recover during 1954 from the low level of 1953 but may not reach five million tons the level of 1951 and 1952. This recovery would however be mainly due to the import demand of two countries India and Japan. In both exceptional factors are operating this year in Japan the very poor rice crops and in India the new financial settlement with Burma. It would be risky to assume that either country will import in future at the expected 1954 rate There is naturally plenty of scope for an increase in world imports which in 1953 were well below half the prewar average. Per caput consumption of rice is probably still less than it was 15 years ago and population is increasing The recent levels of rice prices however apart from stimulating widespread expansion in the cultivation of rice have deflected some demand towards other cereals and towards root crops. While in prewar days rice constituted about nine tenths of the cereal imports of the main Asian cereal importing countries this proportion was only one-third in 1952 and fell still further in 1953 (Figure XIII)

A rough comparison of prewar import value units with those in 1953 for some of the main importing countries of Asia shows that import prices of rice rose almost eight times whilst the average for wheat wheat flour and barley rose less than fourfold. Government allocations of resources for the purchase of different foreign cereals are not determined solely by relative price movements and the latter can be measured only very approximately Nevertheless some interest may attach to the contrast (Table 51) of the rise in the relative price of rice with the fall in its share of total cereal imports.

The areas outside Asia have also greatly reduced their rice imports. Unless this tendency is reversed by an increase in total demand for cereals, or by a shift in price relationships which will make

FIGURE XIII — World Imports of Rice and Net Imports of Rice and Other Grains in Six Far Eastern Countries 1934-38 Average, 1947 53 Annual

MIL MT



1934-38 average 1947 1948 1949 1950 1951 1952 1953

A World imports of rice
B Net imports of other grain into the six Far Eastern countries
C Net imports of rice into the six Far Eastern countries
Note Other grains include wheat and wheat flour rye barley oats, maize and sorghums and millets. The six Asian countries are Ceylon, India, Indonesia, Japan Federation of Malaya, and the Philippine Republic.

TABLE 51 RELATIVE IMPORT PRICE MOVEMENTS OF RICE AND OTHER CEREALS COMPARED WITH PROPORTIONS OF TOTAL CEREAL IMPORTS IN SELECTED ASIAN COUNTRIES

YEAR	Price ratios	Rice imports as percentage of total cereal imports
1934-38 average	b100	68
1950	148	34
1951	158	29
1952	185	33
1953	200	31

a Ratio of indices of import unit values (prewar as 100) index for rice divided by average index for wheat wheat flour and barley
b Somewhat differing prewar years for different countries.

rice more attractive to importers those nations which have striven to expand the production of exportable supplies may encounter increasing difficulties in marketing their rice

SUGAR

There were two major developments of far reaching significance in the world sugar economy during 1953 *Surpluses developed outside the dollar area for the first time in postwar years.* Although these surpluses were comparatively small the change from previous years, when Cuba carried practically the total world surplus was important and its effects began to be felt in many countries Second an International Sugar Agreement the primary objective of which is to stabilize world sugar prices *was concluded in August 1953*

Production

Since 1934-38 including the war years world *production has increased by an average of 2.7* percent a year The restriction of the Cuban crop by 2 1 million tons in 1952/53 as compared with the previous year caused a fall in world production by 1.2 million tons or 3 4 percent In 1953/54 however world production rose nine percent to 36.8 million tons (centrifugal sugar only raw value) even though the Cuban crop was further restricted.

The most significant production development during the current year was a sharp increase in production in net importing countries and in exporting countries enjoying preferred positions in import markets. Production during 1953/54 in *net importing countries was 21 percent higher than* in 1951/52 and 29 percent higher in preferred supply countries On the other hand production in dollar exporting countries was 19 percent lower although production was the same as in 1951/52 in exporting countries as a whole

In part these developments represent a return to the prewar pattern, when production in dollar countries figured much less prominently in the world sugar economy than during 1940-52 More is involved, however. Significant is the great expansion in production in British Commonwealth countries. Western Europe s output of seven million tons was three million tons higher than prewar *and almost 400,000 tons above Europe s* total 1934-38 production. Much of the expansion in importing and Commonwealth countries was undertaken for the declared object of furthering

Table 52. Sugar Production

Item	1934-1938 average	1950/1951	1951/1952	1952/1953	1953/1954	Indices 1953/54	
						1934-38 = 100	1951/52 = 100
	Million metric tons raw value						
World Total (including U S S R and China)	24.9	32.8	34.8	33.6	36.8	147	105
Net importing countries	5.8	8.0	7.6	7.5	9.2	158	121
Net exporting countries (incl. Cuba)	13.0	17.8	19.3	18.5	19.5	150	101
Net exporting countries (excl. Cuba)	(10.2)	(12.1)	(12.1)	(13.4)	(14.6)	(138)	(121)
Preferred countries	4.0	5.6	5.1	5.3	6.6	165	129
British	(2.7)	(3.8)	(3.5)	(3.9)	(4.5)	(167)	(129)
French	(1.2)	(1.7)	(1.5)	(1.3)	(2.0)	(167)	(133)
Portuguese	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(138)	(106)
Dollar exporting countries	4.7	8.2	9.8	8.0	7.9	168	81

the expansion of consumption. Indeed in net importing and self-sufficient countries a close correlation has existed in the postwar years between expansion of domestic production and of consumption, notwithstanding the fact that domestically produced sugar is frequently more expensive than imported.

Trade and Prices

International trade in 1953 reached the highest figure on record with exports almost 1.8 million tons higher than in the previous year. But the rise in exports took place less to expand current consumption than to build up stocks in some countries especially in the United Kingdom in preparation for de-rationing. Early in 1954 United Kingdom stocks were a million tons higher than in 1953 and total stocks were sufficient for about nine months unrationed consumption. There was a more than usual decline in world exports toward the end of the year during the first few months of 1954 exports, especially from free market exporting countries, were substantially lower than during the corresponding period of the previous year. At its December meeting, the International Sugar Council decided to reduce basic quotas embodied in the Agreement by 15 percent. A further five percent reduction — or the maximum permissible reduction under the Agreement — was made in May 1954 and other restrictive measures were also considered. Present indications point to a decline of at least 1.5 million tons, or about 15 percent in total international trade during 1954 in *spite of* the various trade agreements and especially the Commonwealth Sugar Agreement which will compel the United Kingdom and other importing countries to purchase larger quantities than their stock position justifies.

Under prewar marketing conditions supply conditions such as developed at the end of 1953 would have produced a very sharp decline in prices, and a disorganization of world markets. That this did not happen was due largely to regulation of exports by Cuba and to the International Sugar Agreement which went into effect at the turn of the year. From an immediate market standpoint the Cuban decree establishing quotas for exports contributed more to stability than the International Sugar Agreement. While Cuba's initial 1954 quota under the International Sugar Agreement was 1 912,500 tons (of which 371 000 tons were to be released under Article 8 only after 31 August) a decree signed by the President of Cuba on 10 February 1954 established the "initial world free quota" at 721 000 metric tons — plus almost 51 000 metric tons "carried over from the 1953 crop". On the other hand, it is probably reasonable to assume that *without* the International Sugar Agreement the Cuban authorities would have found it much more difficult if only for internal political, social and economic reasons, to impose so drastic a restriction of the exports quota, and might not have cared to do so for reasons of general sugar price strategy.

The minimum Agreement "free market" price of 3.25 U S cents a pound f.o.b. Cuban port is lower than the production cost in all but a few beet sugar producing countries even after the cost of transport of the raw sugar to local refineries is added. Indeed, the minimum price pre

TABLE 52. SUGAR ESTIMATED CONSUMPTION (IN RAW VALUE)

Region	1934-38 average	1949	1950	1951	1952	1953 (prel.)
	Million metric tons					
Europe	8.7	8.6	9.4	10.2	9.8	10.4
U.S.S.R.[1]	1.9	2.2	2.2	2.5	2.7	3.2
North and Central America	7.1	8.7	9.4	9.1	9.6	9.7
South America	1.4	2.6	2.8	3.0	3.1	3.2
Asia	3.7	3.1	3.5	3.9	4.9	5.2
Africa	0.8	1.4	1.6	1.7	1.8	1.9
Oceania	0.5	0.6	0.6	0.7	0.7	0.7
TOTAL	24.1	27.2	29.5	31.1	32.6	34.3

[1] Estimate

sents serious difficulties even to some cane sugar exporting countries signatories to the Agreement. It is possible that even Cuba would experience difficulties were it not for the higher price received for sugar exported to the United States In 1953 Cuba received about 5.32 cents a pound on exports to the United States of 2.5 million tons as compared with the average of 3 41 cents for the 3 0 million tons bought by other countries.

Consumption

Consumption of centrifugal sugar has continued to increase Rising national income and in some countries lower prices especially in relation to other foods have stimulated a steady rise in demand for refined sugar The greatest percentage increase since 1934-38 has taken place in Africa South America and Asia. In all these low consumption areas the rise in consumer income available for expenditure has been of particular importance in facilitating increased sugar demand.

Outlook

A fundamental change in the trends either of the production, price or consumption seems unlikely While production in 1954/55 is likely to be lower than in the previous year especially in Europe where the favorable weather conditions of the previous year are not recurring the long term outlook is for a rising production trend unless agricultural policies of governments undergo fundamental changes Increased beet sugar production may occur in Europe and the United States Further production increases are to be expected in Central and South American countries except Cuba. However the largest proportionate increase over the next decade will probably be in Asia and in Africa where per caput consumption is still relatively low Although the greatest increases in production are likely to be in self-sufficient and net importing countries which will reduce the percentage contribution of imports to total world consumption, it is not likely that international trade will diminish significantly from the average of the past few years unless general economic conditions deteriorate greatly

The postwar trend to higher consumption, assuming no fundamental change in economic conditions, will continue. Much will however depend on developments in Asia. In Europe and Latin America further consumption increases are likely to be at a lower rate than in previous years. Asia and Africa remain the great potential sugar markets. Developments in individual African and Asian countries have demonstrated that conditions are ripe for a major expansion in consumption. In the Belgian Congo for example consumption rose from a yearly average of 2,300 tons in 1934-38 to 20,500 tons in 1952/53 (per caput from 0.2 kg to 1.2 kg) In the three British East African territories consumption in 1952 was 109 000 tons as compared with 32 000 prewar — and it is estimated that in 1960 consumption will be about 200 000 tons. However future demand for sugar will depend firstly on general economic trends and secondly on the availability of domestic supplies or from low cost exporting countries purchases from which do not create serious exchange problems.

LIVESTOCK PRODUCTS

Meat

Meat production in 1953 was substantially larger than a year before in North America Oceania and Western Europe Nearly all countries of these areas produced more the largest increases were in the United States Australia and Denmark. In Argentina, production in 1953 appears to have been maintained at the 1952 level.

TABLE 54 INDEX NUMBERS OF MEAT[1] PRODUCTION IN SELECTED REGIONS

REGION	1950	1951	1952	1953
	Prewar	*= 100*		
Western Europe	92	97	104	111
North America	136	135	142	152
South America	114	114	113	114
Oceania[2]	112	107	116	123

[1] Beef, veal pig meat, mutton lamb and goat meat.
Mainly 1934-38 average; in some cases 1935-39 average or similar period
[2] For New Zealand twelve month periods ending 30 September of year stated

The world meat trade which in the period 1948-1952 had been on the average six percent less than before the war increased sharply in 1953 and the prewar volume (in terms of carcass weight equivalent) was slightly exceeded Imports of meat except canned, into the United Kingdom in the past year were 30 percent higher than in the preceding year beef accounting for the major part of this increase. Compared with prewar the 1953 volume was 323 000 tons less but this deficit was partly covered by much greater imports of canned meats.

In mid 1953 the U.S.S.R began to purchase meat on world markets and by May 1954 is estimated to have bought about 70 000 tons Argentina, Uruguay Denmark and France are the main suppliers. In the United States due to reduced production and high prices for pigs imports of pig meat increased heavily but not sufficiently to offset a reduction in beef imports. Total imports including canned meats therefore declined from the high 1952 level. As exports rose by nearly 30 percent the net import balance was 45 000 tons against 64 000 tons a year before Because of larger domestic production, Belgium France Italy and Switzerland imported less

Livestock prices in the Northern Hemisphere countries in 1953 were generally below the 1952 figures major exceptions being the United Kingdom for all livestock and North America for pigs.

The most severe decline was that of cattle prices in North America. Average prices received by United States farmers for beef cattle in 1953 were one third below 1952 and the government in order to assist in the stabilization of the market purchased about 113 000 tons of meat representing the equivalent of 865 000 head of low grade cattle The beef thus acquired was distributed domestically to eligible outlets or exported under the foreign aid program. Pig prices on the other hand, were 20 percent above 1952 levels both in Canada and the United States. An upward movement in pig prices became evident in the second half of 1953 also in some European countries such as Western Germany and Belgium.

In the Southern Hemisphere livestock prices continued to rise during 1953 but the increase in meat prices from Oceania to the United Kingdom for the 1953/54 season was much less than in previous years and no change from 1953 took place in the prices for meat to be shipped from Argentina to the United Kingdom in the first half of 1954

Cold storage holdings of meats in the United States during the past year were much smaller than in 1952 mainly because of a heavy decline in stocks of pig meat The situation remained unchanged during the first months of 1954 and total stocks at the end of April 1954 were 25 percent less than a year before In Canada and Australia also stocks of meats in the first months of this year were less than they had been in the beginning of 1953

Barring unfavorable weather meat production is likely to expand further during the current year but at a slower rate than in 1953 In North America with cattle numbers at record levels, beef production will again be larger On the other hand pig numbers at the beginning of 1954 were ten percent less than a year before. Although owing to very favorable pig meat and feed price ratios an upward movement in pig production has started this year marketings will be smaller than in 1953 until the coming fall and the increase in total meat production in North America will therefore be small In Oceania the increase may also be small as larger production in New Zealand will be largely offset by a decline

in Australia. In Europe production should increase in general although in some countries the expansion of pig meat production will be checked by the decline of pig numbers during 1953

The increased supply and the lower prices of fodder grains have not yet been fully reflected in the supply of pigmeat. This is in part attributable to the usual time-lag and to the price support policies for grain in some countries which have resulted in large stocks of coarse grains. By 1955 the resulting increase in pig and other meat production should be substantial.

International trade is not expected to show any substantial change from the high level reached in 1953 Smaller exportable supplies in Oceania may result in a slight decrease in United Kingdom imports While the volume of exports from Denmark may remain practically unchanged a further increase in shipments from Argentina can be expected.

In July 1954 meat rationing came to an end in the United Kingdom and private trade in livestock and meat both home-produced and imported, is now being restored Only for bacon the Ministry of Food will continue to act as sole importer Meat consumption in the United Kingdom is still below the prewar level and it remains to be seen to what extent the end of rationing will affect future imports. The extent to which the U.S.S.R. continues to import meat is of considerable importance for world trade

Prices of livestock in the Northern Hemisphere may be more stable in 1954/55 than in the past season, although pig prices and marketings may be influenced by the abundance of coarse grains. As to the Southern Hemisphere no further increases of any substantial size are to be expected. Recent negotiations between the United Kingdom and Australia concerning the procedure to be adopted after the change from bulk purchases to private trading resulted in an agreement under which the United Kingdom will guarantee for the 1954/55 season, minimum prices which will be 95 percent of present returns for beef and 93 percent for lamb and first quality mutton. The minimum prices for lower grades of mutton are considerably less.

Dairy Products and Eggs

The current situation of dairy products is characterized by generally high levels of production which in many instances are above 1953 and by a considerable accumulation of stocks in some countries notably in the United States.

Milk production increased strongly in the past year partly because of favorable prices. During 1952/53 for instance producer prices for milk were the highest in recent years in nearly all European countries and in the United States, high price supports favored milk production. The expansion of production has continued but in some countries producer prices have been below the corresponding 1953 levels.

Milk production in 1953 expanded considerably more than fluid milk consumption and the major part of the increase went into butter and cheese. Fluid milk consumption, which is the major outlet for milk, increased only slightly during 1953 and per caput consumption remained

TABLE 53 MEAT EXPORTS : SELECTED COUNTRIES

COUNTRY	All types, except canned				Canned			
	1934-38 average	1951	1952	1953	1934-38 average	1951	1952	1953
	Thousand metric tons							
Argentina	496	194	179	195	70	93	57	[1]58
Uruguay	73	75	58	53	33	14	11	14
Australia[2]	244	147	124	256	4	61	96	70
New Zealand	267	280	394	333	3	6	16	14
Canada	64	60	40	42	[4]5	4	8	10
United States	57	59	62	75	5	7	6	11
Denmark	217	241	249	318	4	47	34	40
France	3	19	10	15	2	38	17	10
Ireland, Rep of	45	39	58	74	1	11	19	12
Netherlands	40	62	67	65	10	49	52	44
TOTAL	1 526	1 176	1 241	1 426	137	327	316	[1]283

[1] Preliminary
[2] Canned bacon and ham included under "All types, except canned"
[3] Four years average
[4] 1938.

more or less unchanged In some countries, e.g the United Kingdom Denmark the Netherlands and Sweden, per caput consumption has declined in recent years. While in the majority of countries, retail prices of fluid milk in 1953 remained virtually unchanged or were even slightly higher they declined four percent in the United States where the downward trend has continued in the current year In many countries increasing attention is being given to the possibilities of expanding fluid milk consumption.

Among milk products the greatest increases were in butter Total butter production in the major producing countries in 1953 was eleven percent higher than a year earlier but still about five percent below prewar Trade increased also and imports into the United Kingdom were nine percent above 1952 but 200 000 tons less than the average in the period 1934-38 The expansion of trade in 1953 was strongly influenced by U.S.S.R. purchases, which in the second half of 1953 totaled about 40 000 tons mainly from the Netherlands, Denmark, Sweden, New Zealand and Argentina. Owing to high domestic production imports into Belgium were only half of the 1952 volume and imports into Western Germany and Switzerland are also declining

TABLE 56. INDEX NUMBERS OF MILK PRODUCTION IN SELECTED REGIONS

REGION	1950	1951	1952	1953
	Prewar = 100			
Western Europe	104	107	106	113
North America [1]	113	112	112	116
South America	146	149	156	159
Oceania [2]	104	105	99	110

Mainly 1934-38 average; in some cases 1936-39 average or similar period
F the United States production of milk on farms.
Twelve-month periods ending 30 June f year stated.

Total cheese production in 1953 was nearly nine percent above that of the preceding year and 50 percent above prewar In some exporting countries such as Norway and Sweden, and toward the end of the year in Denmark also, a downward trend in cheese production became evident Cheese trade in 1953 after a decline in 1952 was again larger Particularly marked were the increases in imports into Western Germany and Italy The United Kingdom also imported seven percent more As at the same time domestic production increased by 60 percent per caput consumption was eight percent above prewar The U.S.S.R. purchased 4 000 tons of cheese from the Netherlands between last autumn and April 1954

In contrast to butter and cheese less whole milk was used for manufacture of preserved milk but much more dried skim milk was produced in 1953 than a year before because of marked increases in production in the United States the United Kingdom and the Netherlands. The volume of trade in preserved milk increased only slightly

Because of larger supplies prices of dairy produce during 1953/54 tended to decline major exceptions being the United Kingdom contract prices for butter and cheese from Oceania, and for butter from Denmark. The 1953 average price for butter from Denmark to markets other than the United Kingdom was at the previous year's level.

In the United States, the fall of prices was checked by the prevailing support levels. As production exceeded demand the United States Government has been buying under the existing price support programs, large quantities of butter cheese and dried skim milk. In spite of efforts to dispose of accumulated stocks government holdings have grown. Inventories of the Commodity Credit Corporation at the end of March 1954 were 150 000 tons of butter 145 000 tons of cheese and 259 000 tons of dried skim milk against 43 000 tons of butter 18 000 tons of cheese and 56 000 tons of dried skim milk a year before. For the year beginning 1 April 1954 the price support level for dairy produce was reduced from 90 to 75 percent of parity resulting in a reduction of about 13 percent of the support prices for butter and cheese The government carries on a number of operations to dispose of surpluses of dairy products, such as sales against payment in importers currencies (Section 550 of the Mutual Security Act 1953) sales at concessional prices, free distribution to domestic institutions, special distribution programs for low income groups and donations to welfare agencies for free distribution to needy people abroad.

At the beginning of May 1954 the United States Department of Agriculture announced that it would sell its surplus butter stocks for export at world market prices which are considerably below the domestic level, and it sold domestically during the first three weeks of May about two-thirds of its stocks of dried skim milk for use as livestock feed.

In the Netherlands also purchases under the price support program led to a considerable accu

mulation of stocks which reached its peak last fall, but since then butter and cheese stocks have been disposed of almost entirely and dried skim milk stocks were reduced by about two-thirds. At the beginning of the current year butter stocks were larger than a year before in Western Germany and Canada and a considerable increase in cheese stocks occurred in Switzerland. In New Zealand butter stocks during the current season were less than in 1952/53

European egg production made satisfactory progress in 1953 Exports expanded and the Netherlands Denmark, and Poland accounted for nearly the entire increase Western Germany which in recent years has been the largest importer of shell eggs increased its imports in 1953 by more than one fifth. United Kingdom imports of shell eggs were ten percent larger and its imports of egg products were more than doubled owing to larger receipts from China Private imports of shell eggs into the United Kingdom from the sterling area were permitted in January and from OEEC countries in April 1954.

In the United States and Canada egg production increased slightly Australian production in the current season is estimated to be at about the same level as in the previous one North America exported less in 1953 the reduction in exports from Canada being nearly 40 percent

Egg prices in Europe were generally below 1952 owing to ample supplies. In the United States and Canada on the other hand prices were considerably above 1952 Cold storage holdings of eggs in the United States during 1953 and at the beginning of the current year have been much smaller than in 1952

The dairy industries of the main producing countries may have to face increasing difficulties during the season 1954/55 especially in high cost areas if demand does not catch up with production. Numbers of milk cows increased generally during 1953 and in view of steadily growing milk yields per cow milk production in the current year is expected to be well above 1953 provided that grazing conditions remain normal. As in the past year production of butter may increase more than that of cheese.

Exportable supplies of butter in Oceania may be somewhat smaller owing mainly to decreased production in New Zealand in the current season. Import demand for butter will be reduced to a certain extent because of greater domestic production in Belgium France Western Germany and Switzerland. The major factors on which butter trade will depend are the developments in the United Kingdom after the end of rationing of butter and cheese in May 1954 and the extent to which the U.S.S.R. will continue to purchase butter on world markets. Owing to the removal of subsidies butter and cheese prices in the United Kingdom have increased. In view of the price difference and of the firm position which margarine

TABLE 57 EXPORTS OF BUTTER, CHEESE, CONDENSED AND EVAPORATED MILK AND MILK POWDER; SELECTED COUNTRIES

Country	Butter			Cheese			Condensed and evaporated milk			Milk powder		
	1934-1938 average	1952	1953	1934-1938 average	1952	1953	1934-1938 average	1952	1953	1934-1938 average	1952	1953
	Thousand metric tons											
Denmark	149	11	137	8	54	60	18	46	42	—	12	11
France	4	1	1	11	16	17	15	16	15	—	3	—
Ireland Rep. of	24	—	—	1	1	1	6	9	6	—	3	2
Italy	1	—	—	24	19	17	12	—	—	—	—	—
Netherlands	50	50	53	60	78	86	162	199	207	17	38	32
Norway	—	2	5	2	1	3	2	—	1	—	—	—
Sweden	23	13	13	—	2	5	—	—	—	—	7	4
Switzerland	—	—	—	19	20	18	6	4	4	—	—	—
Canada	2	—	—	33	1	7	9	13	8	2	22	18
United States	1	—	—	1	2	2	15	57	69	2	46	58
Argentina	8	1	14	2	2	5	—	—		—	—	
Australia	100	25	40	9	24	23	7	33	35	2	21	28
New Zealand	140	186	161	87	93	103	3	12	11	7	52	53
TOTAL	50..	405	424	237	315	348	233	358	308	30	204	206

Including milk powder
— None or negligible
.. Not available

has gained in the postwar period it is uncertain whether butter consumption will rise Efforts by the United States to dispose of its butter stocks could influence considerably both the pattern and volume of trade No particular change can be expected in exports of cheese and preserved milk.

Larger hen numbers higher yields and ample feed supplies combined with good demand point to further increases in egg production and trade during 1954

REVIEW OF WORLD FISHERIES

The 1953 world catch of fish, including crustaceans and mollusks is estimated to have remained at approximately the 1952 level of 26 million tons. Statistics are not available for a large part of the world s fish production but there are statistical data covering the production of between 17 and 18 million metric tons which are sufficient to show the trends Figures for 1938 and for the years since 1947 are given in Annex Table III.

Major Producers

The annual aggregate production of fish by five major fishing countries for which statistics are available i e Japan, the United States (including Alaska) Norway the United Kingdom and Canada (including Newfoundland) has varied between 10 and 11 million metric tons during the period 1951 to 1953 and accounts for about 40 percent of the world s total. In 1953 the output of these five countries amounted to about 300 000 tons less than in 1952 an important contributing factor being a decline in the Norwegian production of cod. United States output in 1953 was about 300 000 metric tons less than its 1950 total of 2 65 million metric tons, mainly because of the continued shortage of California pilchards. In Canada there was a slight increase as a result of the salmon abundance The United Kingdom fisheries remained stabilized at levels reached during the early 1950 s. The Japanese catch showed a slight drop to 4,577 000 tons from 4,049 000 tons in 1952.

For two other major producers, the U.S.S.R. and China statistics are not available but it is estimated that they each produce over two million metric tons a year Taken together all seven major producers catch over 15 million metric tons a year or well over half the world total

Medium Producers

Twelve countries with annual catches of between 300 000 and 800 000 metric tons each are considered to fall within the group of medium producers. The aggregate annual production of all the countries in this group has lately been about five million metric tons or about 20 percent of the world total. Figures are available for nine of these countries, which between them produced annually between 3 9 and 4 4 million metric tons during the period 1951 to 1953

Production at 650 000 tons in the Union of South Africa (including South West Africa) remained at the record level reached in 1952 after the very rapid postwar development of the pilchard fisheries. The Icelandic catch of 415 000 tons in 1953 was a third more than that in 1938 and also an improvement on 1952 but it was still below the immediate postwar peak. Denmark (343 000 tons) the Netherlands (343 000 tons) the Philippines (306 000 tons) Portugal (392,000 tons) and Spain (640 000 tons) again increased their catches in 1953 and they are now at production levels well above the 1938 mark. Western Germany has rehabilitated its fisheries and in 1953 the catch approximately equalled that of 1938 (770 000 tons). The 1953 French production of 520 000 tons also is near the 1938 level but although the 1953 catch was greater than that of the preceding year it was below the postwar peak reached in 1951 No comparable statistics are available for the other countries in this group-India Indonesia and Korea.

Selected Smaller Producers

Seventeen smaller producing countries whose individual output does not surpass 200 000 tons per year have between them an aggregate annual production of about 2 million metric tons accounting for about eight percent of total world production. Argentina, the Belgian Congo Finland Greece Hong Kong Malaya Sweden, Turkey and Thailand have maintained their postwar increases in production, which are however mainly of local significance Belgium the Faeroe Islands and Italy have also kept up the level of their output except for occasional fluctuations. Important increases have been achieved by Angola Brazil Chile and French Morocco though in some cases there was a levelling off in 1953 The Angolan long term expansion is related to the development of the fish meal industry and the French Moroccan expansion to the sardine canning industry

Utilization

While available statistics are inadequate to determine gradual changes in utilization, it seems that during 1953 the general postwar trends continued. Particularly in Canada and Newfoundland during the period 1951 to 1953 catches of cod haddock, hake and other fish were diverted from salted fish production to the output of fresh and frozen fillets. On the other hand the inability of Iceland to land fresh fish in the United Kingdom has tended to encourage a return to cured fish production. In Norway the output of salted cod was reduced by lower catches due to a scarcity of fish on the grounds

The group of species which includes herring, sardines and anchovies accounts for the sharp increases in the catches of many countries whose fisheries have developed rapidly during postwar years. The increased catches in these countries have largely been utilized for meal and oil production and also for canning The world output of these products was however reduced by a sharp drop in California pilchard landings in 1952 and 1953 Traditional producers of salted herrings have maintained their output in 1953

Tuna, mackerel, and bonitos are used largely for the production of canned fish. A decline in United States catches did not adversely affect the output of the canneries as they were able to import their requirements of fresh and frozen tuna from Japan.

Herring, Sardines, Anchovies, etc

About a quarter of total world catches consist of fish of the *Clupeiform* species. The 1953 herring season in Norway was extremely good despite the late start of winter fishing and unusually stormy weather The 1954 winter season, with a catch of 1 060 000 metric tons set a record Herring catches in Iceland were moderate in 1953 but the Netherlands had increased landings amounting to 51 700 metric tons of fresh herring and 107 000 metric tons of salted herring. In Western Germany Denmark, the Faeroes and France herring landings also increased during 1953 In North America the biennial off-cycle year was reflected in smaller landings in Maine but those on the Canadian West Coast increased in spite of a strike early in the year On the whole the 1953 herring season was better than that of the preceding year

The year 1953 proved generally satisfactory for fish meal and oil, which are the most important outlets for herring and related species. The bulk of the Norwegian herring catch, of the landings on the west coast of North America of menhaden landings on the Atlantic seaboard of the United States, and of pilchards in South Africa is utilized for this purpose In the United Kingdom more herring are also being used for the manufacture of fish meal and oil because of the difficulties in the traditional salted herring markets of Central Europe. Denmark is expanding its production of meal and oil, principally from increased herring catches

Canned herring and sardines are an important product in a number of countries. In France Portugal and French Morocco canneries have been in competition for supplies with the fresh fish market. The French production for local consumption showed an increase in 1953 The Moroccan canneries have stepped up their output during the postwar years but the peak level was not maintained in 1952 and 1953 because of marketing difficulties. Increased attention is now being paid to by products and to a reduction in costs. As already mentioned the California pilchard industry was almost completely inactive in 1953 and as a result the United States has imported increased quantities of canned pilchard products from South Africa and Japan. Exports of salted herring from the Netherlands reached a postwar record of 56,000 metric tons in 1953 against nearly 42,000 in 1952 mainly due to large sales to the U.S.S.R. Netherlands exports to Western Germany and Belgium Luxembourg remained at approximately the 1952 level, but those to Poland and Czechoslovakia declined. In 1953 salted herring exports from Norway followed approximately the levels and patterns prevailing in 1952. In the United Kingdom fresh herring and kipper sales appear to have decreased.

Cod, Hake, Haddock, etc

In 1953 the Norwegian cod fisheries production fell to 70 000 tons as compared with 123 000 in 1952 and 149 000 in 1951 and in the first half of 1954 the important Lofoten cod fisheries recorded an even smaller catch then the unsatisfactory level of 1953 Improved Norwegian catches of hake haddock, bank and fjord cod and Finmark cod, made it possible however to increase the quantities processed both for the domestic market and for the export trade as fresh and frozen products and stockfish. The Icelandic catch of cod showed a slight decrease in 1953 Some of the catch was diverted to Central European markets and a higher proportion than previously was used

in the manufacture of stockfish principally for export In Canada and particularly in Newfoundland the reduced catch of cod reflected a reduction in supplies but also lower prices for the end products. The general postwar decline in salted cod production was evident both in Canada and France in 1953 while in the Faeroe Islands a strike reduced the landings of cod and a shift from cod to herring fishing late in the year also contributed to the reduction. By contrast the production of salted cod in Portugal continues to increase and to replace imports.

In general, the traditional salted cod markets of Europe have been importing less of this product due partly to large carry-overs from the previous season and partly to higher levels of domestic production.

Salmon

Because of an improvement in the four year cycle run for sockeye salmon and a favorable year for pink salmon, the total 1953 catch in Canada (British Columbia) produced the largest pack of canned salmon in recent years. The substantial carry-over from the 1952 salmon pack would have been greater but for increased sales, particularly to the United Kingdom and the United States. More attention is being given to the Canadian domestic market where with the assistance of an advertising campaign, there is a good demand

A succession of poor runs of Alaskan pink salmon is reflected in a decline of the total United States salmon catch from about 170 000 metric tons in 1952 to 145 000 in 1953 and a reduction of the canned pack of Alaskan pink to 62,000 metric tons, which is the lowest figure since 1921 Nor was this decline offset by the peak of the pink salmon biennial run in Puget Sound or by increased catches of sockeye Salmon fishing in Alaska might be restricted for conservation reasons. The year 1954 will also be an off cycle year for pink salmon in Puget Sound

There was a slow expansion in the Japanese canned salmon output by means of *mother-ship* expeditions to the Western zone of the North Pacific but it is not expected that this development will contribute substantially to world supplies of canned salmon. Data on the U.S.S.R. output of salmon are not available but the goal *for* 1954 is reported to be 180 000 metric tons, of which about 60 percent are to be caught around Kamtchatka. The plan also provides that about 25 percent of the total catch is to be canned

Tuna, Bonitos, and Mackerel

The United States a major producer and consumer of tuna experienced a failure of the albacore fisheries off the Washington and Oregon coasts and the catch of the tuna clippers operating on off-shore grounds of Central and Southern American countries declined mainly because of bad fishing conditions. The total 1953 catch of tuna and bonitos amounted to 142 000 metric tons compared with 154 000 metric tons in 1952.

The Californian tuna canning industry however increased its pack of canned tuna by obtaining imports of fresh and frozen tuna from Japan to balance the decline in domestic landings Imports of fresh and frozen tuna into the United States of America amounted in 1953 to a record figure of 43 100 tons compared with 31,300 metric tons in 1952

Domestic supplies were augmented by an increase in the imports of canned tuna (especially tuna in brine) which reached a record figure in 1953 of 13 600 metric tons. Landings at Californian canneries as well as imports to be canned show an increase during the early part of 1954 If this trend continues the 1954 canned pack might be a record

In Europe the bluefin and albacore landings were maintained on more or less the average levels prevailing during previous years although a slight drop to 8,000 metric tons was registered in the Norwegian catches of bluefin tuna, which had grown to 11,500 metric tons from 1951 to 1952

FATS, OILS AND OILSEEDS

Excluding the U.S.S.R. world production of fats and oils (with butter in terms of fat content) is about 18 percent larger than prewar This increase is slightly less than the rise in population. However the deficit in production per person is met *in effect* by a remarkable increase since prewar in the production and use of relatively new substitutes for fat and oil *products*. The outstanding example is synthetic detergents, which have displaced large quantities of soap in the United States and Europe Levels of consumption of fats and oils vary greatly in different parts of the world. Large increases in consumption over prewar have occurred in many areas where consumption levels are relatively low In the United States and Western Europe which are high level areas total consumption per person, including both food and non food uses is slightly less than before the war

Many countries that were major exporters before the war like India and Argentina now consume substantially more oils and fats than formerly and export materially less. Major declines in exports from Asia and South America have been only partly offset by increases from the United States and Africa. World indigenous exports in 1938 including whale oil from the *Antarctic averaged 6 1 million metric tons in* terms of oil. These exports had fallen to 2.2 million metric tons by 1946 but steadily rose to 5 7 million tons by 1951 This was the postwar peak, and it reflected a rush by importing countries to accumulate stocks after the Korean crisis in mid 1950 These inventories were reduced in 1952 and exports in that year declined to 5 1 million tons In 1953 world exports recovered to about 5 4 million tons (Table 58)

The increase in exports in 1953 was due both to a recovery in the demand of importing countries from the relatively depressed level of 1952 and to an abundance of exportable supplies of certain fats and oils which more than offset a decline in supplies of others. The largest increase in exports in 1953 was one of about 200 000 metric tons of tallow and greases from the United States. Another large increase resulted from the sale in early 1953 of substantial stocks of Antarctic whale oil that had been carried over from the *1951/52 season. There was a* substantial increase in 1953 in Chinese exports of oilseeds and oils notably soybeans groundnuts, sesame seed and their oils mainly in the first half of 1953. Argentine exports of linseed oil were expanded *materially by heavy sales from government* stocks. These increases more than offset declines in production and exports of copra and coconut oil from the Far East and lard from the United States and in exports of groundnut oil and other items from India

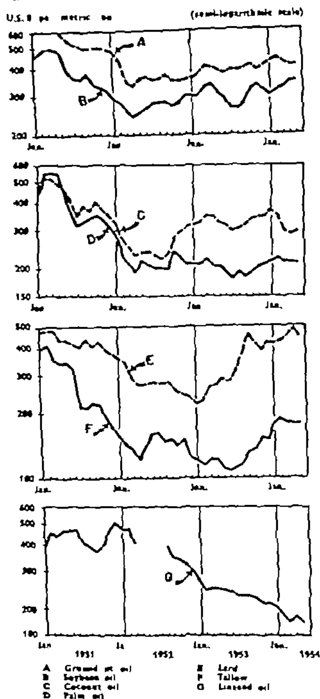
Prices of fats oils and oilseeds in international markets declined substantially from spring 1951

TABLE 58. FATS, OILS AND OILSEEDS : WORLD INDIGENOUS EXPORTS [1] IN TERMS OF OIL BY REGIONS AND BY TYPE

ITEM	1938	1950	1951	1952	1953 (preliminary)
	Thousand metric tons				
By region :					
Europe [2]	495	402	390	301	340
North America	157	1 003	1 130	1 079	1 240
South America	665	580	596	177	260
Africa	1 087	1 353	1 104	1 294	1 400
Asia	2 730	1 501	1 749	1 490	1 400
Oceania	396	378	354	410	350
Antarctic	*566*	*344*	*348*	*301*	*420*
WORLD TOTAL	6 006	5 561	5 680	5 052	5 410
By type :					
Butter fat content	500	396	350	333	350
Lard	166	260	251	317	250
Liquid edible oils	1 797	1 299	1 292	1 077	1 260
Hard oils	2 193	2 426	2 518	2 490	2 570
Whale and fish oils	678	519	521	436	550
Drying and miscellaneous oils	753	601	648	390	430
WORLD TOTAL	6 006	5 561	5 680	5 052	5 410

Includes only indigenous oilseeds and oils produced from indigenous materials. Trade among Eastern European countries and the U.S.S.R. is not included in postwar years
Excluding U.S.S.R. except in 1938
Chiefly groundnut soybean, cottonseed, olive rapeseed sunflower and sesame oils, and oil equivalent of groundnuts, *soybeans, cottonseed, rapeseed sunflower and sesame seed*
Chiefly coconut palm and palmkernel oils, tallow, greases and oil equivalent of copra and palm kernels.
The entire production of whale oil in the Antarctic is counted here as an export. Sperm oils and fish liver oils are not included in these figures 70,000 tons have been deducted from 1952 and added to 1953 to allow for stocks of Antarctic whale oil from the 1951 52 season that were not sold until 1953
Chiefly linseed, castor and tung oils and oil equivalent of linseed and castorseed

FIGURE XIV — Monthly Average Prices of Fats and Oils in International Markets 1951 1954



Prices are compiled from The Public Ledger London and are converted to U.S. dollars from other currencies at official rates of exchange
Groundnut oil January 1951 to June 1953 Indian bulk, c.i.f. European port July 1953 onwards S.African drums c.i.f. European port
Soybean oil American crude bulk, f.o.b. U.S. port.
Coconut oil Straits 3% bulk, c.i.f. European port.
Palm oil Belgian Congo bulk, c.i.f. European port.
Lard American pure refined 37 lb. tins f.o.b. ship New York.
Tallow American fancy bulk, f.o.b. ship New York.
Linseed oil Argentina, bulk, c.i.f. European port

to spring 1952. The general trend was then moderately upward until the beginning of 1954 A weighted average of prices of the seven major oils and fats charted in Figure XIV rose about 20 percent from the low point of April 1952 to April 1953 and an additional six percent to January 1954 Price movements of several of the individual items, however were quite different from the general trend owing to peculiarities of the respective supply situations

Prices of liquid edible vegetable oils (soft oils) from non-dollar sources tended to rise moderately from mid 1953 to spring 1954 largely as a result of a decline in export supplies. European production of rapeseed was down sharply and exportable supplies of Far Eastern groundnut oil were much smaller than a year earlier However large supplies of soft oils were available from the United States Commercial exports of soybeans from the United States in late 1953 and early 1954 reached a new peak. In addition, substantial export sales of cottonseed oil and groundnuts were made by the United States Government from its stocks. In early 1954 United States cottonseed oil was being sold in international markets at a materially lower level than usual in relation to other soft oils.

World production and exportable supplies of copra were substantially smaller in the first nine months of 1953 than a year earlier and prices of coconut oil and copra in international markets were materially higher Rising production and exports in late 1953 and early 1954 were reflected in a sharp break in prices of coconut oil and copra in March 1954 World palm oil production and exports increased moderately in 1953 continuing the long term trend. Prices averaged slightly lower than in 1952 Palm oil competes chiefly with coconut oil and inedible tallow

Production of tallow and greases in the United States increased substantially in 1953 to a new peak, while a continuation of the downward trend in use in soap was only slightly more than offset by an expansion of other uses notably in mixed animal feeds. Exports rose by more than 50 percent. The price of tallow was exceptionally low in early 1953 but the heavy exports led to declining stocks and a marked increase in prices in the latter half of the year The United States is the principal world exporter of inedible tallow and greases

The price of lard increased materially during 1953 and in early 1954 was at an exceptionally high level. Reduced United States production of lard, beginning in early spring 1953 and an increase in European demand in the latter part of 1953 were the principal reasons for the price increase Prices of linseed oil in international markets in 1953 and early 1954 continued their

long decline mainly as a result of heavy export sales from Argentine and United States government stocks

Supplies of fats, oils and oilseeds in international markets have been larger in 1954 than in 1953 There have been substantial increases in copra production in the Philippines and Indonesia, and the 1953 crops of West African groundnuts and Mediterranean olive oil, which reached markets mainly in 1954 were materially larger than a year earlier In addition, large sales for export have been made from government stocks of cotton seed and linseed oil in the United States and linseed oil in Argentina. World import demand for fats and oils has remained strong particularly from Europe and most prices in international markets declined only moderately in the first half of 1954 despite the relatively heavy export supplies.

Prospects in mid 1954 indicated that export supplies would remain ample during the next twelve months Substantial increases in United States production of soybeans linseed and lard were expected, and it seemed probable that Far Eastern copra production would continue above the level of a year earlier Also government stocks of linseed and cottonseed oils in the United States were still large Export policies for these stocks will have an important effect on international markets. However on balance barring unusually unfavorable weather in the Northern Hemisphere in the summer and fall or a deterioration of the international political situation, the outlook in mid 1954 was for a continued downtrend in the general level of prices of fats, oils and oil seeds in international markets in the latter half of 1954 and early 1955

FRESH FRUIT

Production and Trade

World production (excluding China and U.S.S.R.) during 1951-53 surpassed the prewar average by nearly 50 percent for oranges and tangerines 40 percent for grapefruit and about 35 percent for other main fruits. The trend is clearly upwards due to new plantings in recent years and better cultivation practices. In particular many younger citrus groves have not yet reached full productivity and will add heavily to production over the next five to ten years.

World trade has not increased for any of the main fruits in the same proportion as production, though 1953 brought a remarkable expansion, mainly for oranges and for grapefruit. The expansion of deciduous fruit production in Europe has led to a higher degree of self-sufficiency and many countries exporting citrus fruit and bananas have raised domestic consumption proportionately more than their exports.

In 1953 Mediterranean countries exported 250 000 tons more oranges than in 1952. The United States and the Union of South Africa also increased their exports. Among exporters of apples only European countries raised their exports. The European market which absorbs the bulk of the exports of all fresh fruit except bananas, increased its imports in 1953 by about 20 percent over the previous year and 25 percent above the prewar average A notable feature is the increase in imports of oranges and bananas. The three major importers are France the United Kingdom and Western Germany which together took 1 4 million tons of Western Europe s total

TABLE 59 MAJOR FRESH FRUITS WORLD PRODUCTION AND TRADE

FRUIT	Production					Trade				
	1934-38 average	1951	1952	1953	1951-53 in percent of 1934-38	1934-38 average	1951	1952	1953	1951-53 in percent of 1934-38
	Thousand metric tons				*Percent*	*Thousand metric tons*				*Percent*
Banana	6 000	8 000	8 300		136 0	2 500	2 450	2 700	2 850	106 7
Oranges and tangerines	8 600	12 400	13 200	13 000	149 6	1 810	1 940	1 980	2 300	114 5
Lemons	1 070	1 390	1 390	1 470	132 4	280	230	260	280	91 8
Grapefruit	1 160	1 620	1 560	1 800	143 1	120	120	110	140	102 5
Apples [a]	6 340	8 340	8 840	8 150	133 2	720	740	680	780	101 8
Pears [a]	2 000	2 440	3 090	2 820	139 2	150	175	185	195	123 3

Excluding China and U S S R
Production data excluding cider fruit
Not available

import of 1 9 million tons Western Germany alone increased imports over 1952 by 120 000 tons and the United Kingdom by 100 000 tons. European banana imports increased 135 000 tons of which 95 000 tons represented increased imports into the United Kingdom reflecting the decontrol of banana imports in early 1953 United Kingdom imports at 265,000 tons however are still 40 000 tons below the prewar average

TABLE 60. ORANGES AND APPLES: EXPORTS BY REGION

ITEM	1934-38 average	1952	1953
	Thousand metric tons		
Oranges and tangerines	1 610	1 960	2 300
of which:			
Mediterranean region	1 261	1 501	1 730
United States	150	293	367
South America	160	30	31
Union of South Africa	85	108	159
Apples	720	680	780
of which:			
Western Europe	191	340	486
United States and Canada	348	98	64
Argentina and Chile	12	66	70
Australia and New Zealand	108	101	94

Trade Policy

All fresh fruit imports in the United Kingdom are now in the hands of private trade. However imports of apples and pears remained under restriction for the first half of 1954 and the licensing of bananas has been extended until 1 October 1954 The open general licence applies mainly to OEEC countries Imports from the sterling area have remained unrestricted and imports from dollar countries are under special licensing control. Commonwealth suppliers to the British market are facing sharper competition than in past years. The increase in import duties on various horticultural products in the United Kingdom as from December 1953 did not affect the main fruits which are covered by the GATT tariff schedules extended until 30 June 1955

The liberalization of fruit trade among OEEC countries and extension of the same policy to cover for example German citrus imports from Spain, are among the main factors behind the rapid increase in European trade. Eastern Europe also is increasing imports mainly of citrus fruit from Israel. The United States has continued the export payment program designed to encourage exports of fresh and processed oranges and grapefruit as well as winter pears Moreover the United States Government has decided to include fresh oranges and grapefruit and canned grapefruit apricots and peaches in the special export program for surplus commodities against payment in soft currencies. An allotment of five million dollars has been granted to the United Kingdom of which 2.5 million dollars is for citrus fruit. The general export subsidy is also applied on these exports. Spain and Israel are also continuing their export promotion programs Spain under special exchange rates Israel under a combined system of direct export premiums and special exchange rates.

TABLE 61 FRESH FRUITS IMPORTS INTO WESTERN EUROPE

FRUIT	1934-38 average	1952	1953
	Thousand metric tons		
Oranges and tangerines	1 281	1 614	1 893
Grapefruit	79	53	85
Lemons	108	185	203
TOTAL CITRUS FRUIT	1 558	1 852	2 183
Bananas	728	776	911
Apples	621	432	480
Pears	121	140	169
TOTAL MAJOR FRUIT	3 028	3 200	3 743

Outlook

The upward trend in fresh fruit consumption, together with a more liberal import policy and further improvement of the general economic situation in some of the main importing countries may justify further expansion of production in exporting countries. The wide differences in consumption levels between countries and income groups suggest a large unsatisfied need for fresh and processed fruit The high rate of new plantings particularly in citrus exporting countries indicates a rapid expansion over the next five to ten years and any economic recession in importing countries would cause a great risk to specialized exporters. Failing to reach an agreement with all Mediterranean citrus-growing countries regarding new plantings the Spanish Government re

stricted new plantings from June 1953 The severe frost in February 1954 may however have reduced the capacity of the Spanish fruit groves for the next few years.

DRIED VINE FRUIT AND WINE

Dried Vine Fruit

Although the consumption of fresh and canned *fruit is increasing in all countries the downward* trend in consumption of dried fruit which was already noticeable during the inter war period has continued

The total raisin pack in 1953 remained practically the same as in 1952 in spite of a decrease in the United States pack from 263 000 tons to 202 000 tons. There were substantial increases in production in Australia, Turkey and Iran.

Export of raisins in 1953 increased slightly over last year as higher exports from Australia and Greece more than compensated the decrease in United States and Turkish exports There was an increase in exports of currants from Greece and Australia but the volume of exports from Greece is still below prewar Compared with exports in 1934-38 raisin exports from the United States, Australia and Greece show a marked increase whereas Turkish exports have been substantially below the prewar level during the last three years. Before the war Turkish exports were *highly dependent on the German market* for which Greece and Iran have been the main suppliers in recent years, while Turkey s second market the United Kingdom in 1952 and 1953 was supplied mainly from the United States and Australia under the government bulk purchasing program The latter however was dicontinued on 1 December 1953 and since that date imports into the United Kingdom have been permitted under open general licence except from the United States and certain other countries mainly in the dollar area. The effects *of this decontrol* are likely to become evident only gradually as the United Kingdom, at the beginning of the 1953/54 season had substantial stocks of raisins and currants The size of these stocks is generally estimated at around 50 000 tons which is equivalent to nearly 50 percent of the United Kingdom s average annual imports over the past three years. The expectations which Turkey and Greece in particular had based on the new policy were disappointed when the United Kingdom announced the purchase of 22 000 tons of California seedless raisins out of the 1953 crop to be imported in the

TABLE 62. DRIED VINE FRUIT : WORLD PRODUCTION AND EXPORTS

ITEM	1934-1938 average	1951	1952	1953	1951-1953 in % age of 1934-38
	Thousand metric tons				*Percent*
Raisins					
World production	441	426	497	491	106 9
World exports.	224	164	258	266	100 9
Currants					
World production	184	96	95	98	52.3
World exports.	90	56	56	60	67 0

late spring of 1954 i.e after decontrol The government purchase of California raisins was negotiated with the United States Government as in the previous two to three years when the United Kingdom took over the greater part of the surplus pool of the United States raisins with substantial subsidies paid by the United States Government With the uncertainty about developments in the United Kingdom market which accounts for at least one-third of total trade in these commodities, the general marketing situation for raisins and currants is rather unstable

Other significant developments in 1953 were the introduction by Turkey of export subsidies for sultana raisins and the extension for another year of the United Kingdom Australian agree*ment to cover Australian exports of raisins and* currants. As in 1952/53 an export payment program is maintained by the United States Government for the 1953/54 pack of raisins to help move the surplus into export markets.

An important factor which may affect imports of Northern European countries in 1954 is the substantial reduction since November 1953 in freight rates for dried fruit from the Mediterranean, which may help to stimulate exports of raisins and dried figs from Greece and Turkey For *dried fruit* from these countries the rates have been reduced from the equivalent of 20.90 dollars a ton to 14 dollars a ton. Freight rates from Australia to the United Kingdom were increased by 7½ percent in early 1954

Average import unit values for 1953 raisin imports into the United Kingdom show the lowest unit value for United States raisins and, compared with average import unit values for the prewar years raisins show a smaller increase than other fruit — fresh or dried.

The Australian Dried Fruit Board has strongly objected to the recent decision of the Australian

Agriculture Council to increase the area under dried vine fruits further and the Board has also expressed its concern about the effects of the po licies of countries subsidizing raisin exports which may adversely affect the sale of Australian dried vine fruits in the United Kingdom and New Zealand

Wine

In wine in recent years there has been a lack of balance between production and commercial demand in some of the principal countries. France and Spain are still having marketing difficulties, whereas Italy no longer has a surplus. Italian consumption has risen steadily during the last few years and stocks at the beginning of the 1953/54 season were generally considered lower than de sirable

The solution of the wine problem is to be sought primarily in the wine producing countries them selves. International trade opens only a very limited outlet for wine

During the war consumption decreased sharply following the drop in production, but it has since gradually regained the prewar level in Italy How ever French consumption, though increasing, is lower than before the war At least until last year consumption in Spain remained below the prewar level and though production was also small er stocks have accumulated. Greece Portugal, Argentina and Chile on the other hand, have had a higher per caput consumption in recent years than before the war

Various reasons have been given for the down ward long term trend in consumption in the prin cipal vine-growing countries during the last thirty years, including industrialization and structural changes in community life (lower consumption in cities than in the country motoring sports, and larger supplies of non-alcoholic drinks)

TABLE 63. WINE PRODUCTION

COUNTRY	1934-38 average	1948-50 average	1951-53 average
	Thousand metric tons		
France	6 264	5 184	5 406
Italy	3 845	4 060	4 640
Spain	[1] 1 936	1 396	1 841
French North Africa	2 007	1 513	1 637
Portugal	789	828	853
Other countries	4 639	5 079	4 923
WORLD TOTAL	19 480	18 030	19 300

[1] 1931-35 average

World production of wine in 1948-50 was about 18 million tons compared with a prewar average of about 19.5 million tons Average production in 1951-53 however about reached the prewar level

The supply situation in France (including Al geria) during 1952/53 and 1953/54 is shown in Table 64 Leaving out of consideration stocks held by the trade the supplies are 91 4 million hectoli ters against 81.5 million in 1952/53 As the total commercial outlet plus producers normal carry over to the next season, is only about 75 million hectoliters, the surplus is approximately 17 million hectoliters. The government has ordered seven mil lion hectoliters to be distilled but prices paid to producers for these quantities are much lower than the minimum price though the government takes a substantial loss in marketing the alcohol To finance the compulsory storage program, special credit facilities have been granted.

TABLE 64. FRENCH WINE SUPPLIES

ITEM	1952/53	1953/54
	Million hectoliters	
Stocks [1]		
at producers	16 8	16 2
held by trade	10 3	10 2
Production		
in France	52 4	56 9
in Algeria	12 3	18 3
TOTAL SUPPLY	91 8	101 6

[1] France and Algeria.

In Spain the 1953 supply is about 27 million hectoliters (including a carry-over of about five million hectoliters) but consumption is expected to absorb only 15 million hectoliters and exports one and a half million hectoliters. Compulsory distillation is expected to account for three mil lion hectoliters. The carry-over at the end of the season will, therefore as in France, exceed stocks carried into the 1953/54 season. Among the meas ures taken to stimulate consumption is an order to include wine in the price of *practically all* menus served in restaurants.

COFFEE

Current Situation

Coffee is one of the few agricultural commodities of which world supplies have been substantially below the effective demand even at the compara

TABLE 65. COFFEE PRODUCTION IN MAIN AREAS

COUNTRY	1934-38 average	1948-51 average	1952	1953 (prel.)
	Thousand metric tons			
Brazil	1 446	1 064	1 125	1 118
Colombia	251	256	344	390
Mexico	56	66	88	72
Guatemala	69	65	60	56
El Salvador	64	69	78	52
TOTAL LATIN AMERICA	2 117	1 661	1 636	1 025
French Africa	35	103	119	127
British Africa	44	66	69	71
TOTAL AFRICA	140	291	315	331
Indonesia	124	34	36	60
WORLD TOTAL	*2 420*	*2 200*	*2 230*	*2 250*

tively high prices of 1953 In 1953 world production was about three percent below prewar and only slightly higher than in the previous year Prospects for an expanded Brazilian production in 1954 and 1955 were destroyed by frost in the newly planted high yielding coffee areas in Parana in July 1953 with practically exhausted stocks and continuing firm demand from importing countries these conditions led to a rise in prices. Since the war production has averaged below prewar levels despite the larger population and increasing buying power per caput.

Due to lower yields in Brazil and some other major-coffee producing countries in Latin America, the continent's output declined slightly as compared with the previous year notwithstanding the exceptionally good harvest in Colombia. On the other hand, the trend of production appears to be rising in Asia and Africa, where better crops were recorded in 1953 than in any postwar year High prices undoubtedly encouraged thorough and careful harvesting

Net imports into the United States were three percent higher than in 1952. Even so owing to stock increases and purchases for the armed forces, per caput consumption is estimated to have declined by two percent. With the exception of the United Kingdom, all major European importing countries registered larger imports in 1953 part of which may have gone into stocks in anticipation of the price rise total European net imports were about seven percent higher than in 1952. The relative share of the United States and Europe in total world imports remained unaltered at 62 and 29 percent respectively Among exporting countries Colombia reached a record figure of nearly 400 000 tons whereas exports from Brazil were about two percent lower than those of 1952 Export earnings from coffee rose further

Prices which had remained fairly stable around 54 cents per lb (Santos 4, ex dock New York) for two years, began to rise in 1953 on the news of the Brazilian frost. The steep rise began in November when frost damage was found to be heavier than anticipated. Contributing factors were reductions in stocks in both producing and consuming countries a rise in the Brazilian price support and the early disposal of practically all Central American crops. In the first week of April 1954 prices for Santos 4 stood 60 percent higher than at the same time a year ago. Retail prices in the main consuming markets have not yet caught up with those of green coffee and further increases appear inevitable.

Outlook

The poor prospects for the next Brazilian crop — to be harvested from May to September 1954 —reveal a serious gap in the world's coffee supplies which can hardly be filled by higher output from other producing countries. It appears certain that there will be less coffee available in 1954 unless producing countries reduce their domestic consumption in favor of exports. Prices are likely to remain comparatively firm notwithstanding

Table 66 Coffee: Net Imports into Selected Countries

Country or Region	1934-38 average	1948-51 average	1952	1953 (prel.)
	Thousand metric tons			
France	185	115	161	164
Italy	37	63	61	67
Belgium	50	66	51	52
Germany (Western)	166	29	55	77
Total Europe	696	460	550	590
United States	786	1 219	1 208	1 250
Canada	17	40	44	49
Africa	52	60	52	51
Asia	30	34	25	25
World Total	1 610	1 850	1 915	2 030

Prewar Germany

the fact that consumer resistance to high prices has begun to make itself felt. Consumption of coffee substitutes of "extenders" and of soluble coffee is rising and can be expected to rise further

The supply situation is likely to improve in 1955/56. Some of Brazil's frost-stricken areas will have recovered and the efforts made in coffee-growing countries all over the world to take advantage of the profitable prices of the past few years will be bearing fruit. On the other hand, population increase will enhance demand. Data on planting and replanting are too imprecise for an evaluation of the price outlook which will be influenced not only by the coffee supply and demand situation, but by income and other general economic factors

Table 67 Coffee: Exports from Main Producing Countries

Country	1934-38 average	1948-51 average	1952	1953
	Thousand metric tons			
Brazil	875	1 021	949	933
Colombia	230	304	302	298
Mexico	36	44	52	74
Guatemala	47	52	61	57
El Salvador	54	67	67	73
Total Latin America	1 398	1 611	1 693	[1] 1 700
French Africa	26	104	130	109
British Africa	41	60	76	67
Angola	16	50	48	72
Total Africa	130	275	315	[1] 320
Indonesia	85	11	19	32
Total Asia	96	14	23	35
World Total	1 620	1 900	1 940	[1] 2 000

[1] Preliminary

TEA

Current Situation

Owing to adverse weather in 1953 growers in Northern India did not fully implement their policy of crop restriction even so production remained below that of the previous year There was however a marked improvement in the quality of the crop. Output in Southern India Ceylon and Pakistan increased, offsetting the small reduction in supplies from Indonesia and East Africa No important changes are recorded in production elsewhere Total world output (excluding U.S.S.R. and China) in 1953 is provisionally estimated at 593 000 tons, or slightly higher than in 1952 (590 000 tons).

In 1953 both exports and imports were larger than those of the preceding year India was able to increase her exports by 40 000 tons and to sell her tea earlier than usual. Exports from Ceylon rose by 11 000 tons, thus more than offsetting the lower exports from Indonesia and British East Africa. Gross imports into the United Kingdom, however were slightly lower than in 1952 the year of de rationing On the other hand total disappearance taking stock changes into account is estimated to have increased by ten percent. Re-exports from London rose in 1953 and reached 50 percent of the prewar figure (31 400 tons annual average in 1934-38) There was evidence of rising demand in most overseas markets. Imports into Egypt Australia and New Zealand rose as well as in the United States where propaganda efforts and high coffee prices contributed to a *greater use of tea. Total world net imports in* 1953 are estimated to have been about 450 000 tons

Under the pressure of improving demand and with generally better quality prices for Indian tea more than doubled during 1953. From 1s. 6.5d. per lb in December 1952 Calcutta export prices moved to 3s 1 6d in December 1953 and stood in March 1954 at 3s.5.8d. Higher grade tea which had never suffered the same severe decline rose comparatively less high grown Ceylon teas were priced in March 1954 at about 38 percent above the December 1952 quotation. Contributing to these increases were the planned continuation of finer plucking throughout 1954 and the signature of a Russo-Indian trade agreement which includes tea. Retail prices followed suit in most consuming countries

In the last two decades the internal market in producing countries has become of increasing importance and in 1952 when export prices were low governments of producing countries became increasingly aware of the necessity for expanding their home markets. With higher wages and better living standards domestic consumption in India and Pakistan is steadily rising Unofficial estimates place it at 80 000 tons and 9 000 tons respectively a year compared with 68 000 tons in 1944-48 and 41 000 tons in 1937-39 for both countries. There appears to be an increasing demand for lower grade teas in Indonesia. No expansion of home consumption has been registered in Ceylon.

TABLE 68. TEA PRODUCTION

COUNTRY OR REGION	1934-38 average	1948-51 average	1952	1953 (prel.)
	Thousand metric tons			
India	178 0	271 6	282 0	275 8
Ceylon	103 9	142 2	143 7	155 6
Indonesia	74 8	30 5	37 0	36 6
Japan	49 3	36 1	57 0	57 0
Pakistan	25 6	22 5	24 1	25 3
Other Asia [2]	23 9	19 4	23 5	23 5
TOTAL ASIA	456	522	568	574
Africa	9	19	20	17
Others [3]	—	2	2	2
WORLD TOTAL (excl China and U S S.R.)	465	543	590	593

[1] 1936-38 average
[2] Cambodia, Laos, Viet-Nam, Taiwan, Iran, Malaya, Ryukyu, Turkey
[3] Argentina, Brazil, Peru
— None or negligible

Table 69 Tea: Net Imports into Selected Countries

Country	1934-1938 average	1948-1951 average	1952	1953
	Thousand metric tons			
United Kingdom	102 6	100 6	214 7	207 2
Other Europe	34 4	29 0	25.2	28 2
United States	37 7	43.3	4 1	48 8
Canada	17 8	20 0	20 6	20 6
Egypt	7 1	15 4	16 2	20 2
French Morocco	7 9	0 4	12 4	13 5
Union of South Africa	6.2	8 9	10 7	11 5
Australia	20 9	24	24 0	27 1
New Zealand	4 7	7 5	4 5	6 7
World Total	396	402	431	450

Outlook

Given favorable weather conditions production in 1954 is likely to rise in most producing countries in line with changes in demand. In India, social legislation will impose increased financial burdens on the tea industry Despite the prosperous year 1953 there is as yet no reason for complacency Replanting fertilizing and maintenance costs will take their toll of higher profits loans will have to be repaid and depleted reserves rebuilt. Under these circumstances, enough tea can be expected to be forthcoming from Indian gardens to meet the increased requirements of overseas markets. In Ceylon, where tea accounted for more than a half of all export earnings output is likely to rise further The outlook for Indonesia is less favorable disease is widespread, the number of gardens and factories operating is declining and the badly needed replanting of old gardens is often neglected for lack of government assistance Somewhat larger supplies can be expected in 1954 from East African producing regions which suffered from drought in 1953.

Both in Europe and in the United States, imports are likely to rise in 1954. Tea, still the cheapest drink, will benefit from consumer resistance to high priced coffee. Under trade agreements concluded with the main producers the U.S.S.R. and Eastern Europe may enter the world markets to a larger extent than previously Iran may again become an importer once her payments difficulties are settled.

Until the arrival of the new season s tea in the late summer prices are not likely to weaken. Indeed in some countries retail prices may rise somewhat like the rise of replacement costs. However the favorable outlook for the 1954/55 crop indicates the possibility of some downward price adjustments in subsequent months. On the whole tea producers who have become increasingly cost conscious, will seek to regulate production to prevent another sharp price decline such as took place in 1952 and the existence of strong producers associations under the auspices of the International Tea Committee facilitates maintenance of close control on production.

COCOA

Production

World cocoa production in 1953/54 is estimated at 720 000 tons as compared with 749 000 tons in the previous year and with a 1948-52 average of 753 000 tons.

The decline in 1953/54 production is due entirely to reductions in both the Gold Coast and Nigeria where the current crop is estimated at 36 000 tons below that of 1952/53 and 47 000 tons below the average for 1948/49 1952/53 Continuance of the Brazilian drought would have caused an extremely difficult situation. Weather conditions were not favorable in Nigeria and the Gold Coast during the 1953/54 growing season and there was probably an increase in losses from diseases and pests. However the basic problem is whether other factors of a long term character were also at work whether the decline represents the beginning of a trend which will become accentuated in future years possibly from an increase in the percentage of trees which have passed peak productivity and as some observers surmise long term climatic changes which will affect the economic character of the region.

The great increase in world cocoa production during the third and fourth decades of the century was due entirely to the growth of African output concentrated overwhelmingly in the Gold Coast and Nigeria From an annual average of 105 000 tons during 1910 19 production rose to 480 000 in 1934-38. Africa s percentage contribution to world supplies rose during this period from 38 to a peak of 66 The Gold Coast and Nigeria alone contributed during the last five prewar years almost 52 percent of the world total. Since then, their percentage contribution has been on the decline falling from an average of 48 in 1948/49 1952/53 to 44 in 1953/54 However it is doubtful whether the scanty and not too reliable data currently available on age distribution of trees and on re

Table 70 Cocoa: World Production by Continents

Continent	1934/35-1938/39 average	1948/49-1950/51 average	1951/52	1952/53	1953/54 (prel.)
	Thousand metric tons				
Latin America	236	259	228	233	235
of which Brazil	(124)	(141)	(107)	(97)	(122)
Asia	6	4	4	4	4
Africa	480	506	460	509	474
of which:					
Gold Coast	(283)	(267)	(214)	(251)	(213)
Nigeria	[1](91)	(108)	(109)	(111)	(101)
Oceania.	3	4	4	3	4
World Total	725	773	696	749	720

Exports.

cent plantings are sufficient proof that production will continue to decline in coming years. What is certain is that in no major producing area is there discernible an upward trend in production. There has been some planting and replanting especially in the minor cocoa countries, but it is doubtful whether these changes will, at best more than compensate for the tendency to lower yields.

Prices and Trade

During the first ten months of 1953 the price of cocoa beans fluctuated between 32 and 40 U S. cents a pound. In November however prices began to rise and in the spring of 1954 the price of current supplies rose to the unprecedented figure of 65-68 cents a pound. While the decline in West African crops was responsible for the initial stimulus, it is not sufficient to explain the full magnitude of the price rise. True since the end of the war stocks have been practically non-existent and consequently there were no reserves to offset the fall in current production. But the most important factor was the great rise in consumption in some European countries, notably in the United Kingdom and Germany

The pattern of trade changed substantially in 1953/54 from previous years. Europe absorbed a significantly larger percentage of world supplies. On a per caput basis consumption increased sharply in the United Kingdom Italy Ireland and Germany United Kingdom net imports of cocoa beans and products (in terms of beans) were 60 percent higher in 1953 than the 1934-38 average.

On the other hand per caput consumption in the United States has continued the downward postwar trend. While imports of cocoa and cocoa products were slightly higher in 1953 than in the previous year they were lower than in 1951 and substantially lower than in 1950 although population had increased by five percent On a per caput basis, 1953 imports were only 90 percent of the 1934-38 average notwithstanding the great rise in national income and consumer purchasing power

Table 71 Cocoa Absorption in the United States, the United Kingdom and Other Western Europe

Country	1934-38 average	1950	1951	1952	1953 (prel.)
	Thousand metric tons				
United States	241	288	271	260	261
United Kingdom	95	121	116	117	153
Other Western Europe[1]	236	266	224	194	227

15 countries.

Outlook

Failure of production to respond to the high *prices which have prevailed since 1947 suggests* a fundamental weakness in the world cocoa economy For all practical purposes land resources suitable for cocoa production are almost unlimited. Nor is lack of adequate labor resources a serious problem in most of the cocoa countries. The basic difficulties appear to be economic and to a lesser extent political. Since cocoa production requires a long term investment (six to eight years to the first harvest) confidence in both economic and

political stability is a prime pre requisite Both have been lacking in postwar years. Although there has been some planting and re planting in many Latin American countries and plantations that had been allowed to degenerate during the period of low prices have been reconstructed there have been few instances of major investment programs to establish large new production centers. The economic policies of some governments — particularly where the producer has been paid only a part of the market price — have not been conducive to large-scale capital investment. In some areas discriminatory taxes and foreign exchange manipulations have reduced the growers income from cocoa and coffee production. Confidence has been further undermined by political and legislative measures against foreign capital and against large plantations.

In the major consuming countries high prices for cocoa have greatly stimulated scientific research for substitutes. *So far however no satisfactory* method has been devised to endow other fats with the melting qualities of cocoa butter and admixtures of other fats have been possible only to a comparatively small degree. But there are indications that progress has been made In the United States for instance it has been estimated that cocoa consumption may decline by 15 20 percent as a result of the use of substitutes in the manufacture of chocolate coatings. At the same time publicity in favor of non-chocolate confectionery is producing greater public acceptance of the hundreds of types of confectionery that have been placed on the market. The proportion of chocolate confectionery to total sales has been declining steadily Although the price of cocoa beans is a less decisive factor in the European price structure of manufactured products *continued high prices with* the resultant mounting financing problems are likely to have similar effects and research on substitutes for cocoa has been expanded during the past year also in Europe

TOBACCO

World production of tobacco in 1953 slightly exceeded the amount harvested in 1952 in spite *of a decrease in United States leaf production.* European production increased substantially and increases also occurred in Turkey Iran, India Japan, Cuba, Brazil and Southern Rhodesia The largest increase was of Oriental and cigar tobaccos whereas production of flue-cured Virginia and Burley tobaccos was smaller *World trade increased* over the low level of 1952 mainly because of larger shipments from the United States in early 1953.

Supplies and Trade

In the United States further surpluses accumulated and to promote exports tobacco has been included in the group of commodities which may be exported against payments in soft currencies. Under these provisions sales of the 1953 crop have been negotiated with the United Kingdom ($20 million) as well as with Western Germany ($10 million) France Finland and Italy

Total United States stocks as of 1 January 1954 reached 2 05 million tons (i.e only 9,800 tons more than the year before) of which 205 000 tons were under government loans

TABLE 72. TOBACCO: *PRODUCTION AND EXPORTS MAJOR EXPORTING COUNTRIES*

Country	Production					Export				
	1934-38 average	1948-50 average	1951	1952	1953	1934-38 average	1948-50 average	*1951*	*1952*	*1953*
	Thousand metric tons									
United States	500	904	1 058	1 025	933	198	212	237	180	233
Canada	23	58	69	63	*61*	*5*	9	13	17	13
Brazil	93	113	118	106	120	31	29	30	30	24
Cuba	22	[illegible]	34	39	36	12	12	17	18	16
India	343	263	208	225	225	21	[1] 28	56	39	31
Turkey	53	83	89	88	118	79	69	56	57	67
Greece	57	49	63	39	62	44	24	32	*41*	*49*
South Rhodesia	10	43	45	47	53	9	34	31	40	37
TOTAL	1 193	1 548	1 634	1 626	1 608	349	41[illegible]	471	4[illegible]2	472

[1] Including Pakistan.

The decrease in flue-cured stocks under loan at the end of 1953 compared with a year earlier shows that marketing of this type has been rather successful, partly as a result of the support to exports in the later part of 1953 The further accumulation of burley stocks in spite of a smaller crop has led the government to reduce the area quota for 1954 by eight percent whereas the quota for flue-cured has been slightly increased. Farmers intentions to plant in 1954 show a two percent increase in area of flue-cured, a six to eight percent decrease in burley area and reductions in fire-cured and dark air-cured area of respectively seven and eleven percent compared with 1953 Intended area plantings of cigar tobacco show a five percent increase

Exports in 1953 included tobacco held under option for the United Kingdom from the 1952 crop and shipped in March May 1953 Normally a large portion of these sales would have been shipped in the fall of 1952 Export figures for 1952 (179,200 tons) were therefore abnormally low The average for 1948-50 was 212 000 tons.

Canadian production in 1953 at 61 000 tons was slightly lower than in 1952. The output of flue-cured decreased four percent in spite of a nine percent increase in the Ontario district where the Marketing Association had allowed plantings up to 75 percent of the base acreage. Exports (of which flue-cured accounts for 95 percent) decreased from 17 490 tons in 1952 to 12,920 tons in 1953 In 1954, however heavier exports are expected and demand from domestic manufacturers may be larger Consequently growers of flue cured tobacco have been allowed to plant the full base acreage in 1954 Total stocks in Canada as of 1 January 1954 were slightly lower than on the same date in 1952 and 1953 though stocks of flue-cured showed a slight increase

TABLE 73. COMPOSITION OF TOBACCO IN GOVERNMENT STOCKS IN THE UNITED STATES

TYPE	1 January 1953	1 January 1954
	Thousand metric tons	
Flue-cured	147 4	145 1
Burley	66 2	101 6
Maryland	3 5	3 5
Fire-cured	21 7	22 6
Dark air-cured	14 9	16 8
Cigar leaf	7 5	5 0
TOTAL	261 2	294 6

TABLE 74. UNITED STATES TOBACCO EXPORTS, 1952 AND 1953

TYPE	1952	1953
	Thousand metric tons	
Flue-cured	144 8	200 7
Burley	12 3	11.3
Dark fire-cured	9 9	8 8
Maryland	2 6	2 7
Cigar leaf	3 1	3 4
Other types	7 2	6 4
TOTAL	179 9	234 3

In spite of production regulations under a quota system surpluses have also occurred in Cuba. In 1952 the Cuban Stabilization Fund destroyed 13,250 tons of unsaleable tobacco and surplus stocks on hand late in 1953 may equal only one-third of a year's export. For the 1953/54 crop a quota of 36 740 tons has been established. Production in early 1953 amounted to 38 100 tons.

At the end of 1953 Italy also reported surplus stocks of tobacco and areas under contracts for 1954 have been further reduced. Indian tobacco exported on consignment has been accumulating in foreign ports and there are also excessive stocks in India of low-grade tobacco During 1953 there was a remarkable development in the production and marketing of Oriental tobacco. Together Greece and Turkey increased output by 50 000 tons and exports from the two countries increased by 22,000 tons. At 49 112 tons Greek exports were the largest in postwar years and near the level of the late 1920s. In 1954 Greece expects to export 58 000 tons and in 1956 70 000 tons. The increase in exports is explained by the increasing use of Oriental tobacco in Western Germany and in Eastern Europe and more competitive prices in foreign currencies since the devaluation of the drachma in early 1953 Moreover Turkey expects increased outlets in Eastern Europe and the U.S.S.R. but is facing sharper competition from Greece Stocks of Oriental tobacco of previous harvests decreased during 1953 but some increase in stocks seems likely during 1954

Stocks in most importing countries are still considered low in proportion to manufacturers requirements. United Kingdom stocks at the end of 1953 were 206 650 tons i.e 17,870 tons larger than the previous year but 20 000 tons below the stock level at the end of 1951

Prices and Consumption

Prices during 1953 sales rose generally in the United States. Flue-cured tobacco (Types 11 14) brought on the average $52.60 per 100 lbs. against $50.07 in 1952. Because of poor quality prices for Northern types (11a and 11b) were lower but for types 12 14 they were higher largely because of better quality The minimum price for Canadian flue-cured tobacco rose slightly in 1953 but at Southern Rhodesia auctions — mainly because of lower quality — average prices were lower Average unit value of United Kingdom imports of flue-cured and Oriental tobacco increased in 1953

During 1953 for the first time since the early 1930 s, consumption of cigarettes in the United States showed a slight decline in volume The actual quantity of leaf tobacco used by manufacturers, however showed practically no decline as the percentage of king size cigarettes increased. Cigarette prices rose in early 1953 and possibly the discussion of health aspects of cigarette smoking also had some influence on demand In Canada, due to the lower tax level, cigarette consumption during the first ten months of 1953 increased 15 percent over the same period in 1952 In Western Germany the tax reduction in June was followed by an increase of more than 25 percent in cigarette production during the second half of the year for the whole of 1953 production increased 18 4 percent. In the United Kingdom net clearances from bonded warehouses in 1953 totaled 101 660 tons compared with 98 960 tons during 1952

Outlook

Indications are that tobacco leaf production in 1954 will be higher than in 1953. For the crops to be harvested in the first half of 1954 it is expected that production will exceed that of 1953 by seven percent. Consequently with the increase in flue-cured area in the United States and Canada and the improved outlook for export of Oriental tobacco production of these principal types in the Northern Hemisphere in the fall of 1954 is likely to exceed or at least equal last year s production. The improved balance-of-payments situation in relation to the dollar area has led to liberalization of leaf tobacco imports from the dollar area into the Netherlands and Western Germany in 1954 and this development together with the United States sales against payment in soft currencies has caused a more optimistic view in United States trade circles. Furthermore demand from the domestic manufacturers in the United States and Canada is expected to be at least as strong as in 1953 The desirability of increasing working stocks in several importing countries also supports the favorable outlook for the tobacco trade

It is yet to be seen whether the revival of demand for Oriental type tobacco in Western and Eastern Europe will be sufficient to justify the contemplated expansion of production in Greece and the maintenance of production in Turkey This may to a great extent depend on the further development of trade with Eastern Europe and the U.S.S.R

COTTON

Current Situation

World supplies of cotton in the 1953/54 season were much in excess of consumption requirements. There have been no marked changes in the volume of production or consumption over the past three years, but production exceeded consumption by ten percent in 1951/52 by six percent in 1952/1953 and by eight percent in 1953/54. As a result, stocks of cotton had risen to about 18 million bales by the end of July 1954 — equivalent to nearly eight months consumption at the current rate

A surplus position has been developing in the United States where abnormally large (CCC) stocks have accumulated — 7.5 million bales in mid May — in the course of price support operations Supplies in other countries are not believed to have been excessive at the end of the 1953/54 season.

With prices down to support levels and stocks relatively high at planting time it was part of official policy to discourage or restrict cotton production in a number of countries nevertheless the world cotton crop is estimated to have increased by about two percent in 1953/54. A smaller crop was recommended in the United States but a moderate reduction in the area cultivated was offset by an extraordinary jump in the yield with the result that production increased by seven percent

There was a general decline in production in other major exporting countries some of which had sizeable stocks at the beginning of the season. In Egypt limitations on the area available to cotton were in force The acreage planted was reduced by one third and the crop was almost 30 percent smaller In Pakistan also cotton cultivation was curtailed and this together with relatively low yields, resulted in a 24 percent drop in

TABLE 75. COTTON: WORLD SUPPLY AND DISTRIBUTION

ITEM	1934/35-1938/39 average	1948-50 average	1952/53	1953/54 (prel.)	1954/55 (forecast)
	Million bales (217 kg net)				
Opening stocks[1]	16.5	14.0	13.2	15.5	18.0
of which United States					
CCC	(3.5)	(2.5)	(0.2)	(2.0)	(7.5)
Private	(3.7)	(2.6)	(2.5)	(3.6)	(2.5)
Production[1]	24.2	24.4	28.8	29.5	25
of which United States	(12.4)	(13.5)	(15.2)	(16.3)	(11.5)
Total supply[1]	40.7	38.4	42.1	45.0	43
Consumption[2]	22.3	25.1	26.6	27.2	
of which United States	(6.5)	(9.1)	(9.5)	(8.6)	

[1] Excluding U.S.S.R., Eastern Europe and China.
[2] Including net exports to U.S.S.R., Eastern Europe and China, and destroyed cotton, in all 0.7 million tons and 0.6 million tons for 1952/1953 and 1953/54 respectively.
[3] Not available.
SOURCE: International Cotton Advisory Committee and United States Department of Agriculture.

production. Turkish and Mexican crops, which had expanded rapidly in the postwar era, were also smaller. The outcome of the Brazilian harvest is uncertain. There was no price support for cotton in 1953/54. Reports suggest that the acreage under cotton was substantially smaller in South Brazil. Weather conditions were unfavorable late in the season.

Cotton crops in the minor exporting countries of the Middle East, Africa and Latin America were generally larger. Those of the major consuming countries also increased. The acreage in India is reported to have increased by eight percent and the crop was expected to be ten to fifteen percent larger as a result of higher yields. Reports on conditions in the Soviet Union and China suggest that production last season may have been three to five percent larger.

The evidence up to mid-season indicated that global cotton consumption in 1953/54 would be somewhat higher than in the immediately preceding season. A decline in textile activity in North America reduced cotton consumption by eight percent as compared with a year earlier. In Latin America the volume of consumption changed little. In the major cotton importing zones of Western Europe and Japan, however, the trend of consumption was strongly upward. Increases in individual countries ranged up to 30 percent. In India, China and the Soviet Union, where textile industries are largely dependent on domestic cotton crops, the trend was slightly upwards.

TABLE 76. COTTON PRODUCTION

COUNTRY	1934/35-1938/39 average	1948-50 average	1951/52	1952/53	1953/54 (prel.)
	Million bales				
United States	12.39	13.61	15.16	15.17	16.30
Mexico	0.30	0.86	1.28	1.25	1.21
Brazil	1.79	1.61	1.93	1.60	1.35
Turkey	0.24	0.43	0.61	0.70	0.60
Egypt	1.85	1.80	1.67	2.06	1.47
Pakistan	5.32	2.28	1.32	1.54	1.17
India			3.16	2.98	3.5
U.S.S.R., China, Eastern Europe	6.24	5.06	7.10	6.98	7.7
Other	2.32	2.86	3.44	3.54	3.9
WORLD TOTAL	30.45	29.43	35.69	35.82	37.2

SOURCE: International Cotton Advisory Committee.

TABLE 77 COTTON CONSUMPTION

Region	1934/35-1938/39 average		1948-50 average		1951/52		1952/53		1953/54 (prel.)	
	Million bales	Percent	Million bales	Percent	Million bales	Percent	Million bales	Percent	Million bales	Percent
North America	6 7	30	9 9	39	9 5	38	9 8	38	9 1	34
Latin America	1 0	4	2 0	8	2 0	8	1 9	7	2 0	8
Western Europe	7 5	34	7 1	28	6 8	27	6 6	26	7 2	27
Far East and other [1]	7 1	32	6 1	25	6 9	27	7 6	29	8 3	31
WORLD TOTAL [1]	22 3	100	25 1	100	25 2	100	25 9	100	26 6	100

[1] Excluding U S S R, China and Eastern Europe
SOURCE: International Cotton Advisory Committee

Although consumption was already rising in most importing countries, there was some tendency to keep imports relatively close to consumption requirements, or even less in the 1952/53 season, in view of the declining trend of prices. International trade in cotton in 1952/53 was substantially smaller than in the preceding season. The reduction was concentrated in United States and Brazilian shipments, while the supply of other growths moved in greater volume and at more competitive prices.

With a continuing upward trend in consumption and a curtailment of supply in prospect international trade in cotton expanded in the 1953/54 season. As the Egyptian supply had already been much reduced by the cut in production, exports from that country declined. United States shipments stepped up sharply in the second half of the season, and may be 20 percent greater in volume compared with the previous year Shipments from most other major exporting countries were running at or above the previous season's level. The recovery in Brazilian exports was particularly noteworthy

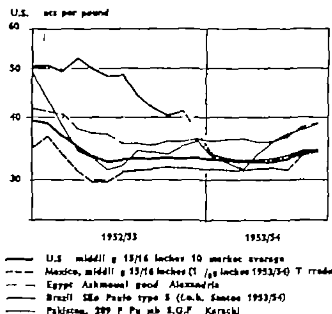
United States prices have been actively supported through government loan arrangements since the beginning of 1953. As large stocks were accumulated by the Commodity Credit Corporation, prices remained rather stable Official and market prices of other important growths — Egyptian Pakistani Brazilian — had by mid 1953 all been adjusted to levels competitive with United States cotton. With the United States decision to restrict production in 1954 the entire structure of cotton

TABLE 78. COTTON EXPORTS

Country	1934/35-1938/39 average		1948-49 average		1951/52		1952/53	
	Thousand bales	Percent	Thousand bales	Percent	Thousand bales	Percent	Thousand bales	Percent
United States	5 018	40 3	4 878	44 6	5 519	49 6	3 048	29 0
Mexico	105	0 8	543	5 0	975	8 8	998	9 4
Brazil	1 063	8 6	731	6 9	350	2 2	153	1 4
Peru	337	2 [illegible]	276	2.5	347	3 1	371	3 5
Egypt	1 744	14 0	1 628	14 9	912	8 2	1 733	16 5
A E Sudan	257	2 1	344	3 1	399	3 6	268	2 5
Turkey	77	0 6	220	2 1	260	2 3	422	4 0
India	2 746	22 1	203	1 9	124	1 1	290	2 7
Pakistan			862	7 9	906	8 2	1 275	12 1
Other [1]	1 088	8 8	1 213	11 1	1 318	11 9	1 903	18 0
WORLD TOTAL [1]	12 437	100	10 925	100	11 110	100	10 545	100

[1] Excluding U S S R. and China
SOURCE International Cotton Advisory Committee

FIGURE XV — Monthly Average Prices of Cotton (Including Export Taxes)



prices moved upwards after December 1953 Ad vances in Pakistani and Egyptian quotations were relatively sharp since a reduction in supply had already taken place. Prices of Mexican and Bra- zilian cottons remained in line with United States quotations.

Outlook

The 1954/55 season is likely to open with a carry-over of cotton outside the U.S.S.R. Eastern Europe and China of about 18 million bales, 2.5 million larger than a year earlier but produc- tion (exclusive of the areas mentioned) will con tract sharply from 29.5 million bales to possibly 25.5 million bales. Total supply may therefore be set at 43 million bales in 1954/55 as against 45 million bales in 1953/54

Allotments in the United States provide for a cotton area of 21.4 million acres which under normal conditions would produce 11.5 to 12 million bales as against 16.3 million bales in 1953/54. Some recovery in production may take place elsewhere as a result of the higher prices now prevailing Minimum prices in Egypt have recently been rais- ed but limitations on the cotton area remain in force although less stringent. Higher prices may also encourage Pakistan to return to its long range program of expansion, and some im provement in Mexican yields and production may be expected. Such increases however are unlike ly to outweigh the drastic cut in United States production

The prospects for consumption and trade are more uncertain. The "textile trade cycle with its investment and dis-investment in textile stocks is at different stages in different parts of the globe. Assuming no prolonged general recession in the United States an upswing in fiber consumption *may commence in 1954/55. In Western Europe* activity may be somewhat reduced pending a di gestion of textile trade stocks. This may not be so quickly achieved in the face of increasing com petition from the Far Eastern textile industries in world markets. Under these conditions, world consumption of cotton may well be maintained in 1954/55 but the recent expansion in inter national trade in cotton may peter out.

Uncertainties as to the future international price structure of cotton underline this prospect. There is no official plan for an export subsidy on United States cotton. The United States support price for cotton will be slightly higher in 1954/55 and the supply basis is contracting, but the situation further ahead will depend on whether — and to what extent — production restric- tions continue in the United States and whether official proposals for a more flexible price policy are acceptable to the United States Congress. Meanwhile an expansion in man made fiber ca pacity continues. Large-scale additions to rayon staple output are in prospect in the United King dom and Japan, the major cotton importers.

WOOL

Current Situation

Since the recession from the record 1950 vol ume world wool consumption has moved more in line with current production. In 1951 and again in 1952, consumption was slightly smaller than the current clip The resulting stock in creases were however not very considerable. In 1953 consumption again outstripped current pro- duction and absorbed most of the excess of the two preceding years held in exporting countries.

World production of wool in 1953/54 was again on the record level of the previous season. The Australian clip, which alone accounts for 30 percent of the world total on a clean basis, was slightly lower than in 1952/53 when, largely as a measure of the successes achieved in combatting the rab- bit pest, production had expanded as much as 20 percent. In the other southern British Domin ions, wool production continued to increase in the 1953/54 season. The Argentine clip was

slightly greater than in the previous season, but as yields were only average the clean weight was probably a little less and alone among the major producers, below the level of the earlier postwar period. A further moderate increase in sheep numbers in 1952 is reported in the Soviet Union bringing the sheep population to 20 percent above the prewar level

Wool consumption in 1953 rose to little short of the 1950 level Recovery from the 1951/52 recession was general in Western Europe and there was a further increase in consumption in Japan. In the United States, on the other hand the moderate increase in wool consumption which took place was practically confined to the carpet sector In the apparel sector the recovery in consumption on civilian account was offset by a further decline in military orders. Towards the end of the year world consumption generally was leveling off at a rate closely in balance with current production

World stocks of wool at the beginning of 1954 are estimated at a little over seven months consumption. Commercial stocks were probably the smallest since 1946 Government held stocks included the United Kingdom strategic stockpile equivalent to 2½ months consumption of wool in the United Kingdom and United States domes-

TABLE 79. WOOL: WORLD PRODUCTION

COUNTRY	1934/35-1938/39 average	1946/47-1950/51 average	1951/52	1952/53	1953/54
	Thousand metric tons, clean basis				
Australia	230	282	284	340	330
New Zealand	90	115	124	127	123
U S. S R.	50	75	90	85	95
Argentina	90	100	90	93	92
United States	95	58	55	59	60
Union of South Africa	50	48	52	56	58
Uruguay	30	46	63	69	57
Other countries	300	300	320	320	320
WORLD TOTAL	940	1 020	1 065	1 140	1 140

TABLE 80. WOOL: WORLD CONSUMPTION

REGION	1934-38 average	1948-50 average	1951	1952	1953
	Thousand metric tons, clean basis				
North America	159	298	237	237	235
of which					
U.S.A. apparel wool	(116)	(195)	(178)	(161)	(165)
U.S.A. carpet wool	(34)	(83)	(46)	(54)	(60)
Western Europe	500	5 1	470	490	580
of which					
United Kingdom	(197)	(226)	(180)	(172)	(221)
France	(105)	(117)	(90)	(97)	(114)
Germany (Western)	(82)	(40)	(53)	(60)	(71)
U S S. R. and Eastern Europe	130	120	133	133	145
Far East	70	32	50	66	77
of which Japan	(49)	(12)	(29)	(45)	(56)
Other areas	75	135	130	130	130
WORLD TOTAL	935	1 160	1 033	1 045	1 175

Prewar Germany
SOURCE Mainly based on data supplied by the Commonwealth Economic Committee

Table 81 Wool: World Stocks

Item	1st January		
	1952	1953	1954
	Thousand metric tons clean basis		
Exporting countries			
British Dominions[1]	30	—	—
South America[2]	45	100	20
Importing countries			
Government owned:			
United Kingdom	—	28	44
United States[3]	—	20	28
Commercial[4]	530	490	500
World Total[5]	610	640	590
Total stocks in terms of month s consumption[6]	8 2	7 7	7 2

1st July in preceding year in xcess of normal carry-over
1st October in preceding year excluding mill stocks.
1st March, including wool under government loan.
Including wool afloat.
Excluding U S S. R., Eastern Europe a d China.
— None r negligible

tic wool acquired by the Commodity Credit Corporation under the price support program, equivalent to 45 percent of the United States clip and to two months consumption of apparel wool in the United States. South American stocks were practically cleared in the 1952/53 season, but exports have subsequently been lagging and there has been a renewed accumulation of wool in Argentina and Uruguay

As the carry-over in exporting countries had been substantially reduced by the beginning of the season, trade in wool in 1953/54 is likely to be smaller than in the previous season, possibly by ten percent or even more depending on the rate of shipment from South America. Trade in Dominion wool will probably be much the same but

Table 82. Wool World Exports

October September	1934/35–1938/39 average	1948/49–1950/51 average	1951/1952	1952/1953
	Thousand metric tons clean basis			
Total Southern British Dominions.	570	[1]620	467	484
Total South America	117	120	80	210
World Total	670	700	580	770

Including Joint Organization offerings i the United Kingdom

the 1952/53 export volume from South America cannot be repeated.

Imports of wool into Europe in 1953 were considerably larger than in the previous two years and there was a further rise in imports into Japan. There was however no recovery in imports into the United States, where commercial stocks have been very considerably reduced.

Reflecting the close balance between current consumption and production, wool prices generally have shown considerable stability in the 1953/54 season. A moderate movement in buyers' favor has appeared in the finer grades but only part of the gradual advance recorded in the 1952/53 season has been lost. South American prices are

Table 83. Wool: World Imports

January December	1934–1938 average	1948–1950 average	1951	1952	1953 (prel.)
	Thousand metric tons clean basis				
United States	61	185	164	167	143
Europe[1]	440	495	345	400	500
Japan	49	13	35	40	55
World Total	570	715	560	625	720

Including U S S R.

somewhat above the world market and this accounts for the slow rate of exports from this region in the 1953/54 season.

Outlook

The rise in European wool consumption has now levelled off and in the United States little further improvement in consumer demand for wool textiles seems to be in prospect for the time being Some downturn in world consumption will take place in 1954 as supplies are in any case less ample. There are however no indications of a recession on the scale of 1951/52.

The vast bulk of the wool clip has been moving readily into trade channels at prices which if they are a little lower than a year ago can still be considered favorable. Only in South America and the United States have some quantities of wool been held back from the market in the former because of the reluctance of dealers to accept prices ruling on the world market (expressed in local currencies) in the latter because of the requirements of the price support program. Nearly all

the wool acquired by the Commodity Credit Corporation, for the greater part from the 1952 program remains unsold. It has been officially proposed to replace the present methods of price support by direct payments to producers which would cover the difference between their receipts derived from sales at the market price and the support level, thereby avoiding an accumulation of government financed stocks of domestic wool. With present prices for finer grades on a lower level, it is unlikely that much of the wool hitherto accumulated will be sold for the time being.

It may be noted that synthetic fibers for blending with wool or as an alternative to it are becoming available in increasing quantities and in an ever wider range of markets. Early in 1954 substantial cuts were made in the prices of a number of fully synthetic staple fibers, both in the United States and the United Kingdom. These fibers cannot fail to exert a gradually increasing influence on the market for wool goods.

JUTE

Current Situation

To facilitate the disposal of stocks of jute acquired in the course of price support operations begun in 1952 the Pakistan Government drastically cut the acreage licensed for jute in the 1953/54 season. The actual outturn proved to be even less than anticipated by the government and has now been authoritatively stated to have been only 3½ million bales. At the same time there has been a sharp drop in Indian production, due to lower prices at planting time and unfavorable weather conditions. Allowing for 2.6 million bales from the two previous crops held by the Pakistan Jute Board at the beginning of the season the total supply of jute in 1953/54 (excluding stocks in consuming countries) may be estimated at about nine million bales, as compared with 13 million bales a year earlier.

Activity in the jute manufacturing industry was maintained at a steady rate in 1953. In Calcutta, an increase in hessian output has compensated for a falling off in the production of sacking. The trend in sales has followed the same pattern. European mills have been in a less favorable position to underbid Calcutta following a further cut in the Indian hessian export duty in September 1953 and large Argentine orders have contributed to a revival in hessian exports from India. Sales of both hessian and sacking have outstripped production, and mill stocks in Calcutta have been worked down. Dundee mills have been very active and order books are well filled. In continental Europe the output of jute goods has been on a higher level than in 1952.

Consumption of jute manufactures has also been satisfactory. In the United States the largest market the hessian cut-up last year was the same as in 1952 a moderate increase in commercial consumption made up for the decline in military requirements. The yardage of hessian used is not however as great as in prewar years in

TABLE 84. RAW JUTE: PRODUCTION AND DISPOSALS

PERIOD	Area	Production		Indian Mill Consumption	Exports Overseas	Total Disposal
	Million hectares	*Million metric tons*	*Million bales*	*Million bales*		
1934-38 average:						
India (pre-partition)	1.1	1.9	10.0	6.4	4.1	10.5
1950/51:						
Pakistan	0.7	1.1	6.0	5.7	4.2	9.9
India	0.6	0.6	3.3		—	
1951/52						
Pakistan	0.7	1.2	6.3	6.1	3.2	9.3
India	0.8	0.9	4.7		—	
1952/53:						
Pakistan	0.8	1.2	6.8	5.5	3.8	9.2
India	0.7	0.9	4.7		—	
1953/54						
Pakistan	0.3		*2.5–3.5	5.2		
India	0.5	0.6	3.1			

Excluding Pakistani mill requirements.
* Provisional governmental estimate
— None or negligible
.. Not available
SOURCE: Directorate of Jute Prices, E. Bengal; Indian Jute Mills Association

TABLE 86. NATURAL AND SYNTHETIC RUBBER: ESTIMATED SUPPLY/DEMAND POSITION IN 1953 AND 1954

ITEM	1953	1954
	Thousand metric tons	
Production:		
Natural	1 750	1 732
Synthetic	951	717
Total	2 701	2 449
Consumption		
Natural	1 638	1 708
Synthetic	884	725
Total	2 522	2 433
Indicated balance *for addition to government and commercial stocks:*		
Natural	112	24
Synthetic	67	— 8
TOTAL	179	16

SOURCE International Rubber Study Group.

the United States. Notwithstanding this and an anticipated falling-off in imports into the Soviet Union and Eastern Europe world consumption of natural rubber is expected to increase by about five percent. This improvement contrasts with a prospective sharp contraction in the consumption of the synthetic product particularly in the United States. Natural rubber is expected to account for about one-half of the total United States rubber market in 1954.

The decline in natural rubber production is expected to continue in 1954 but the drop this year is expected to be only about 20 000 tons. It is concentrated in Indonesia where the cost of living remains high and many small holders have abandoned rubber tapping

In conjunction with the rise in consumption, the drop in the output of natural rubber may reduce the excess of production to only 24 000 tons, a smaller volume than in any previous postwar year Production of the synthetic product is expected to decline almost in line with consumption requirements In November 1953 a Commission was set up in the United States to receive bids from private buyers for the government owned synthetic rubber plants. The Commission will report its findings by January 1955.

The long term demand for rubber based on rising standards of living and on the development of new uses in roadways and upholstery is favorable. If the present price relationship between the natural and synthetic products is maintained, natural rubber will have the opportunity of participating in any expansion in 1955/56. On the other hand, recent prices have had a discouraging effect on higher cost production. Some supply may therefore have to be drawn from stocks to fulfill requirements.

HARD FIBERS

Current Situation

Hard fiber production declined in 1953, though the drop in output (seven percent) was relatively small. Production in the Far East (primarily abaca) was almost as large as in the previous year Among the agave fibers, sisal production in Africa reached a new peak but dropped sharply in Brazil. The latter taken together with the decline in henequen production (principally in Mexico) accounted for most of the cut of 20 percent in Latin American output.

TABLE 87 HARD FIBERS WORLD PRODUCTION

ITEM	1948-1950 average	1951	1952	1953	1954 (preliminary)
	Thousand metric tons				
Abaca	105	156	145	142	130
of which Philippines	(87)	(128)	(122)	(120)	(110)
Sisal	280	355	370	350	340
of which Br E. Africa.	(162)	(191)	(203)	(207)	(200)
Henequen.	123	104	108	86	87
of which Mexico.	(108)	(88)	(95)	(67)	(60)
Other fibers	60	55	50	40	30
WORLD TOTAL	570	670	670	625	585

TABLE 68. HARD FIBERS: WORLD IMPORTS

ITEM	1948-1950 average	1951	1952	1953
	Thousand metric tons			
North America.	231	316	309	246
of which:				
Abaca.	57	88	74	56
Sisal other	174	228	235	190
Western Europe	183	218	192	210
of which:				
Abaca.	25	41	37	37
Sisal, other	160	173	156	165
Japan.	30	20	25	36
of which:				
Abaca.	16	17	23	30
Sisal, other	14	3	2	6
Other areas	25	35	30	25
WORLD TOTAL	470	590	560	520

Trade in hard fibers was uneven in 1953 United Kingdom and Japanese imports increased offsetting to a considerable extent a sharp con traction in imports into North America. On the other hand North America imported a greater weight of cordage. The total offtake of hard fibers in 1953 including approximately ten per cent going into the strategic stockpile has not been far out of line with current production.

The improving supply/requirements balance in hard fibers was reflected in much steadier pri ces in 1953 than in 1952. The only important price reductions occurred in Mexican henequen in which the bulk of the producers stocks is now to be found and in Brazilian sisal, stocks of which, held by the Banco do Brazil, have been nearly all cleared following foreign exchange con cessions.

Outlook

A further moderate decline in production is *expected in 1954* At the same time the commer cial demand for hard fibers may very well increase though stockpile requirements will probably be lower leaving total demand more or less unchang ed and possibly a little in excess of current produc tion. In abaca a major revival in demand by United States rope manufacturers could lead to a shortening of supplies, if the requirements of other areas, now higher than at any time since the war are maintained United States purchases of sisal last year were on the whole rather sluggish while consumption both of fiber and twine was heavy Larger commercial purchases may conse quently be expected this year though this increase may be offset by reduced stockpile buying The dis posal of the Mexican henequen crop as well as of existing stocks which amount to 40 percent of annual production, is mainly dependent on prices being at a sufficient discount to sisal to attract buyers and possible even low enough to allow sizeable sales to American padding manu facturers

FARM MACHINERY

No attempt is made in the following note to refer to world production and export of tractors during the year under review since it has not been possible during the past year to collect statistics on production and import figures. The treatment is confined to certain aspects of farm machinery use in the newly developing regions where mecha nization presents special problems.

Near and Far East

As a general statement it is true that tractor numbers used in agriculture increased in the Near and Far East during 1953/54 but the increase except in one or two countries was not large M of the Near and Far Eastern countries wh mechanization of agriculture has during the p few years been pursued with vigor are no tending to consolidate the position rather th to increase imports. This consolidation in mos cases is taking the form of greater attention to all those matters which experience has shown are major factors in the operational costs of mechan ical farming, land clearing and subsequent soil preparation prior to colonization of new areas Breakdowns in the field and early of tractors and machines are generally a res of inexpert use which in turn, is caused by insu ficient training of local operators, field service an repair men, and all personnel who are directl concerned in mechanical cultivation programs.

Most countries in these regions have now plemented programs to impart knowledge to personnel who handle modern farming equipm In a few countries where such programs h not yet commenced plans have been drawn up for early implementation of this training. Pro ress in this field is not as rapid as is needed but governments and farmers have become awa through experience of the causes of high op

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No attempt is made in the following note to refer to world production and export of tractors during the year under review since it has not been possible during the past year to collect statistics on production and import figures The treatment is confined to certain aspects of farm machinery use in the newly developing regions where mechanization presents special problems

Near and Far East

As a general statement it is true that tractor numbers used in agriculture increased in the Near and Far East during 1953/54 but the increase except in one or two countries was not large. Many of the Near and Far Eastern countries where mechanization of agriculture has during the past few years been pursued with vigor are now tending to consolidate the position rather than to increase imports. This consolidation in most cases is taking the form of greater attention to all those matters which experience has shown are major factors in the operational costs of mechanical farming land clearing and subsequent soil preparation prior to colonization of new areas. Breakdowns in the field and early deterioration of tractors and machines are generally a result of inexpert use which in turn, is caused by insufficient training of local operators field service and repair men, and all personnel who are directly concerned in mechanical cultivation programs.

Most countries in these regions have now implemented programs to impart knowledge to personnel who handle modern farming equipment In a few countries where such programs have not yet commenced plans have been drawn up for early implementation of this training Progress in this field is not as rapid as is needed but governments and farmers have become aware through experience of the causes of high opera

tional costs and the importance of accelerating the provision of improved technical instruction.

Farm machinery dealers in most countries are now placing their businesses on sounder foundations and are giving users of their equipment better facilities for training operators a more continuous supply of replacement parts together with after sales service

Those countries that have been cautious in adopting powered machinery for agricultural use are now seeking advice from financially disinterested authorities with a view to mechanizing their operations on a limited scale in areas that appear suitable for this method of farming

Turkey has continued to mechanize at probably the highest rate of all countries in these areas and in fact is one of the main markets for the western world s machinery manufacturers. Nevertheless it has become apparent in this country that the mere acquisition of tractors and related machines is not the sole solution to its farming problems. Various training centers are being established which, in turn, will assits in reducing the high repair bills and the down time of tractors and equipment from which government machinery programs and farmers have not escaped.

The extensive floods in Iraq destroyed many cereal crops and inundated much other arable land. This has led to a reduced demand for the services of government and privately owned tractors combines and agricultural equipment. It will also probably affect the importation program of agricultural machinery but will provide an opportunity for all concerned with mechanization in the country to catch up with arrears in completing adequate repair and service shops reserves of spares and recruitment and training of competent mechanics and operators.

Some of the Indian States where large tractor fleets were built up for the reclamation and tillage of new land prior to settlement are now disposing of surplus tractors and machinery to private owners One of these State governments through its established workshops is now able to offer new owners of agricultural machinery adequate repair services which too often were lacking in the past The State of Uttar Pradesh for instance has for some years been training farm machinery workshop personnel as well as field operators and the benefits of having a reservoir of skilled men to manage operate and repair mechanical equipment are now being felt

The Pakistan Government is sponsoring mechanical cultivation in certain selected areas. In particular this is occurring under the auspices of the Thal Development Authority in West Pakistan. Private farmers in this country are becoming increasingly interested in mechanization of their farms as better facilities are made available through local dealers representing machinery manufacturers

Ceylon is experiencing the usual early difficulties associated with the introduction of mechanization, but by its operation through co-operatives and pools increasingly efficient use is being obtained from the imported equipment. Those who are *responsible for management operation and repair* of the new tractors and related machines are now generally aware of the skill that must be acquired to keep equipment running efficiently and at economic operational costs.

Burma has introduced mechanization cautiously but has now realized that tractors can assist to bring large areas of previously cultivated land back into production. Additional shipments of mechanized equipment have recently been received. The shortage of draft animals also tends to accelerate the use of powered machinery Thailand, Indonesia and the Philippines have continued to increase their agricultural tractor numbers to improve methods of operation and to reduce operational costs.

During the period under review an increasing number of countries in these regions have paid greater attention to the improvement of indigenous farm hand tools and animal drawn equipment and to the introduction of selected improved types

Summarizing the position in the Near and Far East it can be said that good progress has been made in most countries during 1953/54 in providing facilities and training needed for the effective use and maintenance of mechanized equipment in agriculture FAO has rendered major assistance in this respect in the following countries Iraq Iran, Ethiopia Afghanistan, Pakistan, India Ceylon, Burma. *Additional* effective assistance has also been given under the Colombo Plan. Bilateral agencies have also been active both in supplying and giving instruction in the management use and maintenance of needed agricultural equipment

Latin America

In Latin America, although precise statistics are not available farm mechanization has evidently continued to expand at a considerable rate in most countries. The following examples may

serve to illustrate the most important developments. Argentina continued to allocate large amounts of foreign exchange for imports of farm equipment mostly tractors. It has been estimated that the 1953 exchange allocations will increase the country's tractor park by some 17 000 units. Making the necessary allowance for write off this would represent an increase of nearly 50 percent over the tractor park at the end of 1952. In Brazil, the Ministry of Agriculture has obtained several credits from official Brazilian banks and from foreign farm equipment manufacturers. Imports permitted to increase the tractor park to some 40 000 units by the end of 1953. Chile's tractor imports amounted to approximately 1650 units, a rate which it is intended to maintain over the next eight years under the new Agricultural Development Plan soon to come into operation. In Uruguay the number of tractors increased to over 18 000 about 2,500 more than in 1952, and it is considered that the country will be able to limit further imports to replacements since requirements are satisfied under present conditions.

Another important development to be recorded is that since 1953 Argentina and Brazil have become producers of power equipment. The first of these countries has established a National Tractor Plant which aims to produce 50 percent of the yearly requirements by 1958 In Brazil, a European company has established a plant which expects to produce 1 000 tractors per year

Developments to establish mechanization on a sounder basis and to make machinery available to larger groups of farmers have been comparatively slow and as far as is known, limited to a few countries. Some of the larger importers such as Argentina Brazil Chile and Uruguay have established import limitations as to types of equipment so as to ensure that only machinery suited to local conditions is imported and to avoid an excessive diversification which would make servicing and repairs difficult In some countries, mainly Argentina and Brazil a certain proportion of the exchange allocation must be used for imports of spare parts Farm machinery pools have been enlarged in Brazil, Chile Peru and Guatemala. Cuba has launched a program aiming at the establishment of 125 pools one in each municipality and in 1953 started machinery imports to provide them with equipment. In most countries where pools exist their facilities are also used to train tractor drivers and mechanics

In contrast to the Far and Near East Latin American countries have sought very little external technical assistance in connection with agricultural mechanization, though the problems of maintenance and efficient use are by no means solved in most countries.

FOREST PRODUCTS[1]

In 1953 the second world forestry inventory was carried out by FAO It showed that the growing stock of world forests in use was some 96 000 million cubic meters of which 57 100 million were coniferous species and 38 900 million broadleaved species. While the distribution of forest resources is rather uneven between regions, the distribution of forests in use or accessible is even more strikingly uneven. Regions possessing vast unexploited forest resources are net importers of forest products while others such as Europe having practically no unexploited forests are net exporting regions Economic growth in Europe and North

[1] See also Annex Tables IV and V

TABLE 38 ESTIMATED DISTRIBUTION OF WORLD'S FORESTS

Region	Total forested area	Accessibility		Composition		Utilization		Forests as % of land area	Forest area per inhabitant
		Inaccessible forest	Accessible forests	Conifers	Non-conifers	Forests in use	Unexploited forest		
	Million hectares							Percent	Hectares
Europe	136	3	133	79	57	130	6	28 4	0 3
U S S R.	743	318	425	583	160	350	393	32 9	3 8
North America	656	344	312	462	193	220	436	35 1	4 1
Latin America	927	584	343	30	897	90	837	41 1	5 5
Africa	801	519	282	5	796	115	686	27 0	3 9
Asia	567	304	250	120	447	205	362	21 0	0 4
Pacific area	85	65	20	8	77	17	68	9 9	6 6
WORLD TOTAL	3 915	2 141	1 774	1 288	2 627	1 127	2 788	29 5	1 6

Table 90. Estimated Growing Stock in the World's Forests in Use

Region	Area of forests in use			Estimated growing stock per hectare		Total growing stock		
	Conifers	Non conifers	All species	Conifers	Non conifers	Conifers	Non conifers	All species
	Million hectares			*Cu. m. with bark*		*Mil. cu. m. with bark*		
Europe	75	55	130	80	70	6 000	3 800	9 800
U S S R.	300	50	350	100	60	30 000	3 000	33 000
North America	170	50	220	80	60	13 600	3 000	16 600
Latin America	10	80	90	120	100	1 200	8 000	9 200
Africa	2	113	115	40	70	100	7 900	8 000
Asia	50	155	205	120	80	6 000	12 400	18 400
Pacific area	2	15	17	75	55	200	800	1 000
World Total	609	518	1 127	95	75	57 100	38 900	96 000

America has favored intensive sylviculture and the establishment of highly developed wood converting industries. In the less developed regions of the world conditions for these developments have hitherto been lacking but cultural and economic progress is now giving rise to higher standards of wood consumption and creating the conditions for a fuller use of indigenous forest resources.

The 1953 world forest inventory shows that the world's forests are potentially capable of furnishing a plentiful flow of forest products for a world population much higher than that of today Of 3 900 million hectares of woodlands less than a third are now exploited Of the immense unexploited reserves of standing timber in the world today over 600 million hectares are accessible at the present time. The inventory emphasizes once again the contrast between the world's exploited coniferous forests where growth and drain roughly balance and the under-exploited broad leaved forests in use. The three predominantly coniferous regions, Europe the U.S.S.R. and North America, comprise a third of the world's population but less than two-fifths of the world's woodlands yet between them they account for 70 percent of the removals from the world's forests.

Forests are renewable resources. Given skillful management they can yield annual crops in perpetuity On the other hand, these invaluable assets can all too easily be destroyed. As history has shown, reckless misuse of the forests is not simply a matter of depleting the forest capital the consequences for the climate the soil and the water regime can be catastrophic. Areas of the world which in former times cradled whole civilizations today sustain but a primitive level of life as a result of reckless destruction of forests in the past bringing in its train ruined water regimes and degraded soils. An enlightened forest policy is concerned not only with the world's present and future needs of the wealth that grows in the forests it is an integral part of a broader land utilization policy taking into account agricultural and stock raising needs soil conservation, water regime and climate

The exploited forests in the world have for the past years provided for some 1410 to 1430 million cubic meters of conifers and broadleaved round wood for all uses. About 55 precent of the total volume of world roundwood production has been for industrial uses the rest being fuelwood. Total fellings of coniferous and broadleaved roundwood in reporting countries covering about 92 percent of the world output in 1951 and 1952 appear in Table 92.

Recent Production Changes

Changes in the volume of total fellings in the world are due primarily to fluctuating production in Europe and North America. There the changing market situation may cause considerable fluctuations in the volume of output of the main producing and exporting countries not at the time when the change in the market takes places, but a year or two later This is the result of the long time lag between the actual felling operations and the sale of the final products. Booming market conditions in one year as for instance in 1951 led to a sizeable rise in the volume of fellings. Later with a declining market in 1952, the volume of fellings was heavily reduced at the same time as industries built up stocks of finished products drawing largely on their existing supplies of raw materials.

In other regions the reasons were somewhat different from those in Europe and North America.

In the U.S.S.R. the program of a steadily increasing volume of fellings is making progress and although few official data are available there is reason to believe that the fulfillment of the plan has not fallen far behind the set target. In Japan, Asia's largest producer the ever increasing needs for wood for industrial purposes has led to a steady decline in the production of fuelwood. In Latin America, Africa and Oceania more extensive and better use of forest resources together with increasing requirements for most forest products is bringing about a steady although slow rise in the level of output.

TABLE 91 ACCESSIBLE FORESTS AND TRADE BALANCE

Region	Accessible forests		Net trade in forest products (average 1950 52)
	In use	Not exploited	
	Million hectares		Mil. cu. m. roundwood equi
Europe	130	3	+ 3
U S S R.	350	75	[a] +
North America	220	92	+ 6
Latin America	90	253	— 2
Africa	115	167	— 2
Asia	205	54	— 2
Pacific area	17	3	— 3

\+ net exports — net import
Estimate: less than 500,000

Roundwood

Production figures for 1953 are not yet available for the main producing regions but on the basis of scattered data a slight rise in the world roundwood production in this year appears probable. In North America favorable economic conditions throughout the year led to rising production of sawn wood and pulp and paper and also to larger new supplies of industrial round wood In Europe on the other hand some decline from the level in 1952 may have taken place production of sawlogs rose only insignificantly and that of pulpwod and pitprops declined notably in the northern European countries. With the decline in the European roundwood production offsetting partly the rise in North America and slight rises which took place in other regions world production of roundwood may have risen in 1953 by some 20 million cubic meters.

World trade in roundwood which already in 1952 had felt the downward trend in the forest products market and had declined from the high level in 1951 by some 3.5 percent fell further rather sharply in 1953 by some 24 percent from the level in 1952. This continuous fall was due primarily to reduced trade in pitprops and pulpwood in Europe and North America which followed the heavy stockpiling in 1951/52 and unfavorable market conditions for forest products in general in 1952.

As to the development since the end of 1953 Europe's need to replenish stocks of raw material at the mills simultaneously with a strong current demand for most forest products is bringing about a fair increase in the fellings of the most important producing countries. In North America on the other hand the temporary slowing down o demand and rising stocks of sawn wood and pulp products has so far led to a somewhat reduced activity in the forests In other regions there seems to be no change from the rather high level of activity that prevailed around the end of 1953 The volume of fellings in the world may therefore be expected to show some further rise in 1954

TABLE 92. WORLD TOTAL FELLINGS OF CONIFEROUS AND BROADLEAVED ROUNDWOOD 1951 AND 1952

Region	Sawlogs and veneer logs		Pulpwood and pitprops		Other industrial wood		Fuelwood		Total fellings	
	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952
	Million cubic meters									
Europe	85 7	79 5	54.5	58.2	11 0	11.3	94 8	91 0	264 0	240 0
U. S. S. R.[1]	126 0	143 0	19 0	22 0	40 0	40 0	150 0	160 0	335 0	363 0
North and Central Amer	200 0	202 3	96 0	93 5	18 5	17 9	91 1	84 7	405 6	398 4
South America.	11 8	12 4	0 6	0 6	1 1	1 2	119 4	119.4	132 9	133 6
Africa.	3 9	3 9	0 1	0 1	1 6	1 7	63 2	63.3	68 8	69 0
Asia	29 0	30 3	8.3	8 8	7 8	7 4	58 3	53.3	103 4	99 8
Oceania	10 4	10 5	0 7	0 7	0 2	0 5	9 4	9 4	20 7	21 1
WORLD TOTAL	466 8	481 9	179 2	183 9	80.2	80 0	586 2	581 1	1 312 4	1 326 9

[1] Estimat
SOURCE: FAO Forestry Yearbook.

TABLE 90. ESTIMATED GROWING STOCK IN THE WORLD'S FORESTS IN USE

Region	Area of forests in use			Estimated growing stock per hectare		Total growing stock		
	Conifers	Non conifers	All species	Conifers	Non conifers	Conifers	Non conifers	All species
	Million hectares			*Cu. m. with bark*		*Mil. cu. m. with bark*		
Europe	75	55	130	80	70	6 000	3 800	9 800
U. S. S. R.	300	50	350	100	60	30 000	3 000	33 000
North America	170	50	220	80	60	13 600	3 000	16 600
Latin America	10	80	90	120	100	1 200	8 000	9 200
Africa	2	113	115	40	70	100	7 900	8 000
Asia	50	155	205	120	80	6 000	12 400	18 400
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America has favored intensive sylviculture and the establishment of highly developed wood converting industries. In the less developed regions of the world conditions for these developments have hitherto been lacking, but cultural and economic progress is now giving rise to higher standards of wood consumption and creating the conditions for a fuller use of indigenous forest resources.

The 1953 world *forest inventory shows* that the world's forests are potentially capable of furnishing a plentiful flow of forest products for a world population much higher than that of today. Of 3,900 million hectares of woodlands, less than a third are now exploited. Of the immense unexploited reserves of standing timber in the world today, over 600 million hectares are accessible at the present time. The inventory emphasizes once again the contrast between the world's exploited coniferous forests where growth and drain roughly balance and the under-exploited broadleaved forests in use. The three predominantly coniferous regions, Europe, the U.S.S.R. and North America, comprise a third of the world's population, but less than two-fifths of the world's woodlands; yet between them they account for 70 percent of the removals from the world's forests.

Forests are renewable resources. Given skilful management they can yield annual crops in perpetuity. On the other hand, these invaluable assets can all too easily be destroyed. As history has shown, reckless misuse of the forests is not simply a matter of depleting the forest capital; the consequences for the climate, the soil and the water regime can be catastrophic. Areas of the world which in former times cradled whole civilizations today sustain but a primitive level of life as a result of reckless destruction of forests in the past, bringing in its train ruined water regimes and degraded soils. An enlightened forest policy is concerned not only with the world's present and future needs of the wealth that grows in the forests; it is an integral part of a broader land utilization policy, taking into account agricultural and stock raising needs, soil conservation, water-regime and climate.

The exploited forests in the world have for the past years provided for some 1410 to 1430 million cubic meters of conifers and broadleaved round wood for all uses. About 53 percent of the total volume of world roundwood production has been for industrial uses, the rest being fuelwood. Total fellings of coniferous and broadleaved roundwood in reporting countries covering about 92 percent of the world output in 1951 and 1952 appear in Table 92.

Recent Production Changes

Changes in the volume of total fellings in the world are due primarily to fluctuating production in Europe and North America. There the changing market situation may cause considerable fluctuations in the volume of output of the main producing and exporting countries not at the time when the change in the market takes places, but a year or two later. This is the result of the long time lag between the actual felling operations and the sale of the final products. Booming market conditions in one year, as for instance in 1951, led to a sizeable rise in the volume of fellings. Later with a declining market in 1952, the volume of fellings was heavily reduced at the same time as industries built up stocks of finished products drawing largely on their existing supplies of raw materials.

In other regions the reasons were somewhat different from those in Europe and North America.

In the U.S.S.R. the program of a steadily increasing volume of fellings is making progress and although few official data are available there is reason to believe that the fulfillment of the plan has not fallen far behind the set target In Japan, Asia s largest producer the ever increasing needs for wood for industrial purposes has led to a steady decline in the production of fuelwood. In Latin America Africa and Oceania, more extensive and better use of forest resources, together with increasing requirements for most forest products, is bringing about a steady although slow rise in the level of output

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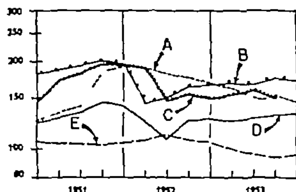
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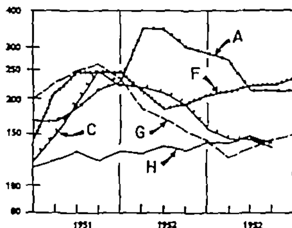
Region	Sawlogs and veneer logs		Pulpwood and pitprops		Other industrial wood		Fuelwood		Total fellings	
	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952
	Million cubic meters									
Europe	83	79.5	64.5	68.2	11.0	11.3	94.8	91.0	264.0	240.0
U.S.S.R.[1]	125.0	143.0	19.0	22.0	40.0	40.0	160.0	160.0	335.0	365.0
North and Central Amer	200.0	202.3	96.0	93.5	18.5	17.9	91.1	84.7	405.6	398.4
South America.	11.8	12.4	0.6	0.6	1.1	1.2	119.4	119.4	132.9	133.6
Africa.	3.9	3.9	0.1	0.1	1.6	1.7	63.2	63.3	68.8	69.0
Asia	29.0	30.3	8.3	8.8	7.8	7.4	58.3	53.2	103.4	99.8
Oceania	10.4	10.5	0.7	0.7	0.2	0.5	9.4	9.4	20.7	21.1
WORLD TOTAL	466.8	481.9	179.2	183.9	80.2	80.0	586.2	581.1	1 312.4	1 326.9

[1] Estimate
SOURCE FAO *Forestry Yearbook.*

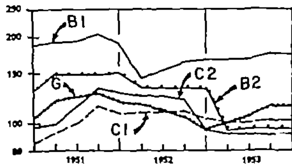
FIGURE XVII — Prices of Forest Products (First Quarter 1950 = 100)



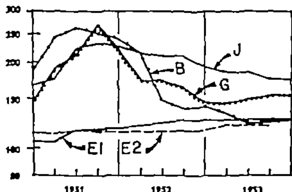
A Western Germany B Sweden C United Kingdom. D Belgium. E United States of America.



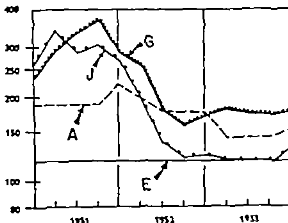
A Western Germany C United Kingdom. F Austria. G Finland. H Switzerland



B1 Sweden 1 B2 Sweden 2. C1 United Kingdom 1 C2 United Kingdom 2. G Finland.



B Sweden. E1 U.S.A.1 E2 U.S.A.2. G Finland. J France



A Western Germany E United States of America. G Finland J France

NOTES

Sawn wood

Belgium imported Swedes f.o.b.; U.K. c.i.f.; U.S.A. domestic W. Germany domestic.

Roundwood

U.K. pitprops c.i.f.; W. Germany pitprops domestic Finland pulpwood f.o.b.; Austria sawlogs domestic. Switzerland sawlogs, domestic.

Plywood-Wallboard

Sweden 1 Sawn softwood f.o.b. 2" x 7" battens. Finland birch plywood f.o.b.; U.K.1 Finnish birch plywood f.; U.K.2 Other plywood c.i.f.; Sweden 2 wallboard 1/8" hard f.o.b.

Wood Pulp

U.S. domestic Sweden bleached sulphite f.o.b.; France bleached sulphite c.i.f. Rouen W. Germany Bavaria, unbleached sulphite; station of destination

Paper

Finland Newsprint f.o.b. U.S.1 newsprint; France newsprint 1 1 30.52 g excluding the [illegible] department. Sweden Kraft f.o.b. U.S.2 printing

In 1951 the high export and import prices obtainable in Europe led to domestic prices of roundwood gradually rising to comparable levels. But when in 1952 international prices fell domestic prices showed little or no change In 1953 they went still higher in some cases Formerly buyers in importing countries could even out the high cost of roundwood imports by domestic purchases at relatively low prices now there was no such possibility and in fact imports were being used to control and bring down domestic prices

The upward trend in domestic prices for general roundwood held good for sawn logs too The rise lagged behind international prices for sawn wood, but when sawn wood prices began to fall in 1952 as the result of consumers resistance sawn log producers still held out for high prices for their supplies. Consequently mills could not afford to lower sawn wood prices further The latter in fact have tended to strengthen and are again close to the level where consumers resistance in 1951/53 led to the sharp fall in the market Any further rises may again seriously affect consumption. During the past four years sawn wood has, in each price cycle lost some ground which has not been recovered.

TABLE 93. WORLD EXPORTS OF ROUNDWOOD

ITEM	1950	1951	1952	1953 (prel.)
	Million cu. m.			
Softwood logs	1 46	1 43	1 20	1 10
Hardwood logs.	3 16	4 16	3 68	4 10
Pitprops.	2 10	2.53	4 90	2 20
Pulpwood	7 23	11 46	9 12	6 70
Poles, posts and pilings.	0 54	0 57	0.56	0 60
WORLD TOTAL	14 48	20 15	19 45	14 70

Sawn Wood

European and North American production of coniferous and broadleaved sawn wood accounts for some 60 to 65 percent of the total world output over 90 percent of the world's total exports and about 80 to 85 percent of the world's total imports. Demand and consumption of sawn wood depend largely on the level of industrial activity and general economic and social conditions The market for sawn wood has therefore fluctuated more violently during the past years in those regions where the economic standards are highest i.e., North America and Europe In Europe about one third of the region's total production of sawn wood enters international trade Changing market conditions in these two regions have therefore traditionally set the pattern for the whole world trade in sawn wood

From 1950 to 1952 trends of the sawn wood market in North America and Europe differed at times The developments in one region partly balanced those in the other and the world situation therefore showed smaller fluctuations than those in these two regions separately

From the end of 1952 onwards the stabilization of post Korean fluctuations in demand and prices and the general progress of industrial activity and construction in most parts of the world led gradually to more satisfactory and also more stable market conditions for sawn wood World output of sawn wood rose from the 1952 production of 255 million cu.m. to 265 million cu.m in 1953 a new record figure Trade in sawn wood also picked up and was some 27 million cu m in 1953 as against 23.5 million cu.m. in 1952, remaining however slightly below the record volume of 27 9 million cu.m in 1951 In Europe the larger output and trade were used primarily to increase intra-European trade exports to other continents continued to decline In North America the strong expansion of industrial activity together with continuing high level of building stimulated production The volume of intra regional trade did not change perceptibly and the decline in exports to Europe was compensated to some extent by larger exports to other continents.

In the U.S.S.R. the steady rise of output was used primarily to meet the country's own ever increasing needs. In Latin America general economic and trade difficulties hampered the production and trade of sawn wood during the first half of 1953. Towards the end of the year the situation slightly improved, however and exports by the main producing countries notably Brazil to the neighboring countries and to other continents showed some increase over the 1952 volume The situation in general however remained less satisfactory than in 1951

In other regions of the world the development of the production of sawn wood in Japan was specially important. Rapid expansion of the country's industrial production, the heavy backlog of housing requirements and repair together with steadily growing new housing requirements put a heavy strain on the Japanese saw milling industry Although the output was raised by some four

FIGURE XVII — Prices of Forest Products (First Quarter 1950 = 100)

SAWN WOOD

A Western Germany. B Sweden. C United Kingdom. D Belgium. E United States of America.

ROUNDWOOD

A Western Germany. C United Kingdom. F Austria. G Finland. H Switzerland.

PLYWOOD WALLBOARD

B1 Sweden 1. B2 Sweden 2. C1 United Kingdom 1. C2 United Kingdom 2. G Finland.

PAPER

B Sweden. E1 U.S.A.1. E2 U.S.A.2. G Finland. J France.

WOOD PULP

A Western Germany. E United States of America. G Finland. J France.

NOTES

Sawn wood

Belgium imported Sweden f.o.b.; U.K. [illegible]; U.S.A. domestic; W. Germany domestic.

Roundwood

U.K. pitprops c.i.f.; W. Germany pitprops, domestic. Finland pulpwood f.o.b.; Austria sawlogs domestic. Switzerland sawlogs domestic.

Plywood-Wallboard

Sweden, 1 Sawn softwood f.o.b. 2½ x 7" battens. Finland birch plywood f.o.b.; U.K.1 Finnish birch plywood c.i.f. U.K.2 Other plywood f.; Sweden 2 wallboard 1/8 hard f.o.b.

Wood Pulp

U.S. domestic. Sweden bleached sulphite f.o.b.; France bleached sulphite c.i.f. Rouen. W. Germany Bavaria, unbleached sulphite station of destination.

Paper

Finland Newsprint f.o.b. U.S.1 newsprint; France newsprint 1 1 50,52 g excluding taxes station of departure. Sweden Kraft f.o.b.; U.S.2 printing.

In 1951 the high export and import prices obtainable in Europe led to domestic prices of roundwood gradually rising to comparable levels. But when in 1952 international prices fell, domestic prices showed little or no change. In 1953 they went still higher in some cases. Formerly buyers in importing countries could even out the high cost of roundwood imports by domestic purchases at relatively low prices; now there was no such possibility and in fact imports were being used to control and bring down domestic prices.

The upward trend in domestic prices for general roundwood held good for sawn logs too. The rise lagged behind international prices for sawn wood, but when sawn wood prices began to fall in 1952 as the result of consumers' resistance, sawn log producers still held out for high prices for their supplies. Consequently mills could not afford to lower sawn wood prices further. The latter in fact have tended to strengthen and are again close to the level where consumers' resistance in 1951/53 led to the sharp fall in the market. Any further rises may again seriously affect consumption. During the past four years sawn wood has, in each price cycle, lost some ground which has not been recovered.

TABLE 93. WORLD EXPORTS OF ROUNDWOOD

ITEM	1950	1951	1952	1953 (prel.)
	Million cu. m			
Softwood logs	1.46	1.43	1.20	1.10
Hardwood logs	3.15	4.16	3.68	4.10
Pitprops	2.10	2.53	4.90	2.20
Pulpwood	7.23	11.46	9.12	6.70
Poles, posts and pilings	0.54	0.57	0.56	0.60
WORLD TOTAL	14.48	20.15	19.46	14.70

Sawn Wood

European and North American production of coniferous and broadleaved sawn wood accounts for some 60 to 65 percent of the total world output, over 90 percent of the world's total exports and about 80 to 85 percent of the world's total imports. Demand and consumption of sawn wood depend largely on the level of industrial activity and general economic and social conditions. The market for sawn wood has therefore fluctuated more violently during the past years in those regions where the economic standards are highest, i.e. North America and Europe. In Europe about one third of the region's total production of sawn wood enters international trade. Changing market conditions in these two regions have therefore traditionally set the pattern for the whole world trade in sawn wood.

From 1950 to 1952 trends of the sawn wood market in North America and Europe differed at times. The developments in one region partly balanced those in the other and the world situation therefore showed smaller fluctuations than those in these two regions separately.

From the end of 1952 onwards the stabilization of post Korean fluctuations in demand and prices and the general progress of industrial activity and construction in most parts of the world led gradually to more satisfactory and also more stable market conditions for sawn wood. World output of sawn wood rose from the 1952 production of 255 million cu.m. to 265 million cu.m in 1953, a new record figure. Trade in sawn wood also picked up and was some 27 million cu.m in 1953 as against 23.5 million cu m. in 1952, remaining however slightly below the record volume of 27.9 million cu.m in 1951. In Europe the larger output and trade were used primarily to increase intra-European trade; exports to other continents continued to decline. In North America the strong expansion of industrial activity together with continuing high level of building stimulated production. The volume of intra-regional trade did not change perceptibly and the decline in exports to Europe was compensated to some extent by larger exports to other continents.

In the U.S.S.R. the steady rise of output was used primarily to meet the country's own ever increasing needs. In Latin America general economic and trade difficulties hampered the production and trade of sawn wood during the first half of 1953. Towards the end of the year the situation slightly improved however and exports by the main producing countries, notably Brazil, to the neighboring countries and to other continents showed some increase over the 1952 volume. The situation in general, however, remained less satisfactory than in 1951.

In other regions of the world the development of the production of sawn wood in Japan was specially important. Rapid expansion of the country's industrial production, the heavy backlog of housing requirements and repair, together with steadily growing new housing requirements put a heavy strain on the Japanese saw milling industry. Although the output was raised by some four

percent from the level in 1952 and exports of sawn softwood forbidden, the shortage of sawn wood of all categories was felt increasingly Payment difficulties made any substantial increase in imports difficult.

While the world market for sawn wood was thus generally favorable it presented some disquieting aspects. Stability in prices in 1953 does not appear to have succeeded in eliminating the harmful effects of the 1950-52 fluctuations in prices and demand and in restoring the position of sawn wood as raw material. In most of the main consuming countries the consumption of sawn wood rose much more slowly from the low levels in 1952 than the rate of industrial activity and even that of house building Thus, despite the recovery of the volume and trade of sawn wood in 1953 there was no evidence of a commensurate increase in consumption.

The consumption of sawn wood in Europe and North America in the years 1950 to 1953 varied considerably less than either production or trade market fluctuations being reflected mainly in stock variations. The apparent consumption of sawn wood in Europe had fallen from 51.5 million cu.m. in 1950 to 48.5 and 47 7 million cu.m. respectively in the two succeeding years In 1953 despite the high level of industrial and construction activities, it recovered only to 48 0 million cu.m. In North America too the apparent consumption reached its peak in 1950 at 100.5 million cu.m., to decline in the two succeeding years to 92.6 and 92.0 million cu.m. In 1953 it recovered to 96 0 million cu.m.

Price oscillations in North America were a good deal less marked than in Europe and did not accentuate the trend towards substitution. The 1950 to 1951 fall no doubt exaggerated the decline which took place in final consumption since there was some drawing on consumer stocks. It is possible that the fall in North American consumption over this period was primarily due to the fact that increased industrial activity failed to offset the effects of a decline in residential building Nevertheless it seems clear that the subsequent fall and stabilization of prices has not led to the recapture of lost markets. The introduction of a variety of new substitute materials most of which now seem firmly established on the market has gradually reduced the consumption of sawn wood particularly in economically developed regions.

North American and European production of sawn wood are now approaching the maximum capacity of the regions forest resources and the saw milling capacity of these regions is far in excess of the available raw material supplies. Steady progress is being made however in less developed regions to raise the saw milling potential though the progress achieved is lagging behind planned expansion because of limited financial resources and labor and raw material difficulties. The latter depend on exploitation and transport problems in many cases not yet solved.

It would be utopian to look for a smooth and steady evolution of world demand for sawn wood because its principal end uses are influenced by very diverse factors. In recent years, however demand has been unusually distorted by remaining reconstruction requirements the Korean war and stockpiling While demand will continue to rise it is doubtful whether at present prices consumption per unit of output will be maintained. In all markets but especially in Europe price is now the decisive factor

Plywood and Fiberboard

Plywood a sawmill product and fiberboard a pulp product have ranges of use which considerably overlap. For many purposes they can replace each other in many end uses they both compete with sawn wood. Since the end of the war there has been a considerable expansion in the output of both commodities, comparable with that of wood pulp. World production of plywood in 1938 (including that of the U.S.S.R.) amounted to 2.85 million cubic meters by 1951 it had reached 6 65 million and rose to 7 70 million in 1953 World output of fiberboards (wallboards) rose from 780 thousand tons in 1938 to 2.5 million tons in 1951 and 2.7 million tons in 1953 world wallboard capacity today may be estimated at around three million tons

The consumption of these commodities has risen steadily since the war in most countries, interrupted from time to time by fluctuations in general economic development Thus in the United States the per caput consumption of plywood rose from 10 sq feet in 1946 to 20 in 1952 and 23 in 1953. Both were affected like all other forest products by the events of 1950 to 1952. International trade declined particularly sharply and not until mid 1953 was there any substantial recovery Neither for plywood nor for fiberboard however were the price fluctuations of 1951 and 1952 as violent as for forest products in general.

In the main exporting countries a substantial art of total production is for export Thus the lywood and wallboard exporting industries had) wait much longer than exporters of sawn wood ulp and paper to share in the firmer forest products narket in 1953 Even so plywood and wall oard prices remained very steady and even by he late spring of 1954 only fractional increases ad been recorded

World wallboard and plywood capacity continues o expand two of the most significant developments being the increase in *United States hard* board and Japanese plywood capacity In both commodities technical progress is diversifying the product and rapidly extending the range of utilization. The future holds immense possibili ies for both but especially for wallboard for which raw material requirements are not exacting and for which the establishment of a mill of economic size does not call for a prohibitive invest ment. *In the long run, therefore* world trade in these products, though it may increase beyond the present level will inevitably become less impor tant in relation to total world output A corollary of this is that the plywood and wallboard industries, which are primarily directed toward the export market will become increasingly vulnerable to fluctuations in demand

Early in 1952 consumers reacted sharply to the unprecedented price rises of 1951 buying was curtailed and a serious recession developed. Buying was resumed however towards the end of the year and 1953 opened on a note of renewed if still cautious optimism. By the spring produc*tion was back to a high level in most countries* and had reached record levels in some places. There were some exceptions, notably Finland, where there remained the problem of adjusting internal costs to the now stabilized level of world prices.

Pulp and Pulp Products

With general economic conditions continuing favorable the year proved to be one of a reason ably high level of activity at fairly stable prices for the world market in pulp and its products. World pulp production rose from 36.5 million tons in 1952 to 38 8 million tons in 1953 exceed ing the record 1951 figure by 1 6 million. Expan sion in the United States accounted for most of the increase but there were substantial advances also in Japan, Canada and several European coun tries. World trade in pulp also expanded by about 800 thousand tons though the tota volume fell slightly short of the record 1951 figure Exports *from the three northern* European countries however which together account for over three fifths of the world total were almost exactly back to the 1951 peak volume *The fact that both* production and trade in these countries which are particularly sensitive to world market condi tions continued to thrive in the early months of 1954 suggests that 1954 will prove another good year for the pulp and paper industries. A *similar optimism pervades the North American* market. Elsewhere in the world the rapid expan sion of Japanese capacity continues while slow but steady progress is being made in raising indi genous capacity in the less developed areas of the world especially in Latin America and Africa. Several new mills are expected to come into oper ation during the next two years.

TABLE 94. ESTIMATED CONSUMPTION OF FIBER BUILDINGBOARD IN CERTAIN COUNTRIES

COUNTRY	1948	1952/53
	Kilograms per caput	
Sweden.	24 0	20 0
Canada.	8 0	11 0
New Zealand	7 5	9 0
United States	8 0	8 0
Finland.	4 0	8 0
United Kingdom	1 3	2 5
Union of South Africa	1 0	1 7
Argentina.	0 6	0 8
Japan	0 2	0.3
U S S R.	0 05	0 3
India.	0 03	0 04
WORLD AVERAGE	0 90	0 95

The recovery in pulp production in 1953 was accompanied by improved output and trade in paper and board World newsprint production rose from 9 7 million tons in 1952 *to 10.1 million* tons in 1953 In 1951 output had totalled 9 4 *million tons.* North American production showed little change but most other producing countries showed increases the most striking being that in Japan, where output rose *from 276 thousand* tons in 1952 to over 400 thousand tons in 1953 Production of other categories of paper increased sharply from the low 1952 level, while falling nar rowly *to regain* the record 1951 level Board out put however registered the biggest advance reaching a new record level in 1953 the

notable increase being that recorded in the United States. Though board production declined slightly in the early months of 1954 it seems probable that the volume of world output of all categories of paper and board taken together will in 1954 exceed that of any previous year

World trade in newsprint continued to expand and exports in 1953 totalled 6.0 million tons against 5.85 million tons in the previous year Paper and board exports rose by 300 000 tons to 2.10 million tons this was, however well below the 1951 volume of 2.43 million tons. The market continued to be satisfactory through the spring months of 1954. Though the rate of influx of new orders slackened paper mills in most countries continued to operate at near capacity to cope with outstanding orders. In North America the world s largest consumer of paper and board demand is expected to remain firm in 1954. Though paper and board output in this region is likely to be near or perhaps even slightly above last year s level capacity is continuing to rise Since 1949 paper board and wood pulp capacity in the United States have increased by 13 26 and 39 percent respectively Much of this capacity was of course planned in 1950 and 1951 when boom conditions prevailed Capacity in the United States may have run somewhat ahead of demand at the present time How far any excess capacity can be used to satisfy the rising needs of wood and pulp deficit regions will depend on their ability to pay for imports from the United States.

Thus the long term upward trend in world demand for pulp products a concomitant of rising literacy improved welfare and industrial advance reasserted itself in 1953 This trend the dominant one in the field of forest products since the war is certain to continue though the possibility of temporary interruptions will remain. A general economic recession would naturally distort the pattern of development but difficulties could also ensue from any serious disparity between the rate at which new capacity is being created and the rate at which effective demand is rising.

The world s pulp and paper industries have a good year behind them and a good year in prospect The long term outlook, with many factors making for a progressive rise in demand and technical advances steadily expanding the raw material basis of the industry remains favorable

ANNEX TABLES

Table I Estimated Energy and Protein Content of National Average Food Supplies per Caput

Country	Calories: Pre-war	Calories: 1951/1952	Calories: 1952/1953	Calories: 1953/1954 Change from 1952/1953	Total Protein: Pre-war	Total Protein: 1951/1952	Total Protein: 1952/1953	Total Protein: 1953/1954 Change from 1952/1953	Animal Protein: Pre-war	Animal Protein: 1951/1952	Animal Protein: 1952/1953	Animal Protein: 1953/1954 Change from 1952/1953
	Number per day			*Percent*	*Grams per day*			*Percent*	*Grams per day*			*Percent*
Western Europe												
Austria	[1]3 000	2 660	2 730	+ 1	88	78	82	—	39	36	35	+ 4
Belgium Luxembourg	2 820	2 920	2 945	+ 1	84	86	86	—	34	40	42	—
Denmark	3 420	3 220	3 250	—	91	91	92	— 2	57	51	52	— 4
Finland	3 000	3 250			95	101			44	53		
France	2 830	2 750	2 850	+ 1	93	92	97	—	30	41	46	— 2
Germany (Western)	3 0[illegible]0	2 700	2 830	+ 2	84	76	78	+ 1	42	37	38	+ 5
Greece	2 600	2 490	2 500		84	77	78		23	17	19	
Ireland, Rep. of	3 400	3 480	3 500		90	97	95		48	49	47	
Italy	2 520	2 510	2 580	+ 2	82	78	79	+ 3	20	21	21	+ 5
Netherlands	2 920	2 800	2 890	—	87	80	79	—	44	40	40	—
Norway	[1]3 210	3 060	3 120	+ 2	90	96	96	—	49	54	54	—
Sweden	3 1[illegible]0	3 230	3 000	+ 2	95	93	88	— 1	59	56	55	— 2
Switzerland	3 140	3 180	3 110		96	96	94		54	51	51	
United Kingdom	3 120	3 080	3 060	+ 3	83	85	85	—	46	44	44	+ 5
North America												
Canada	3 010	3 010	3 130	—	84	90	96	+ 3	48	54	60	+ 6
United States	3 150	[1]3 085	[1]3 117	— 1	89	[1]89	[1]90	+ 1	50	[1]59	[1]61	+ 1
Latin America												
Argentina [2]	2 730	3 110	2 710		98	98	96		62	62	57	
Brazil [2]		2 260	2 350			60	57			17	41	
Chile [2]	2 240	2 340	2 490		69	71	77		21	24	26	
Colombia	1 860	2 400			47	56			20	30		
Honduras		2 030				57				18		
Mexico [2]		2 210	2 270			61	65			16	15	
Peru [2]		2 440	2 290			67	62			17	14	
Uruguay [2]		3 070	2 940			101	99			66	67	
Venezuela [2]		2 280				59				21		
Oceania												
Australia	3 310	3 290			103	95			67	63		
New Zealand	3 260	[1]3 380	[1]3 340		100	[1]103	[1]102		67	[1]69	[1]69	
Far East												
Ceylon	[1]1 730	2 140	2 150		[1]50	50	50		[1]16	12	12	
India	[3]1 9[illegible]0	1 590	1 640	+ 1	[3]56	43	44	+ 2	[3]8	6	6	—
Japan	2 180	2 130	2 150		64	53	58		10	10	13	
Philippines	1 920	2 060	2 080	+ 1	45	42	42	—	11	11	11	
Near East												
Egypt	2 450	2 360	2 340	—	74	70	68	—	9	11	10	—
Turkey	2 450	2 560	2 590	+ 1	79	82	83	+ 1	13	15	16	+ 2
Africa												
Union of South Africa	2 300	[1]2 550			68	[1]72			23	[1]26		
Southern Rhodesia		2 280				60				17		

[1] Revised figures.
[2] Figures refer to the calendar years during which split year begins.
[3] Including Pakistan.
.. Not available
— None or negligible

TABLE IV WORLD PRODUCTION OF FOREST PRODUCTS

Country or Region	1938	1951	1952	1953
Sawn Wood *Million cu. m*				
Europe[1]	56 01	53 59	48 97	50 05
U.S.S.R.	34 00	53 80	58 50*	63 50*
North America	67 47	105 29	106 41	112 45
Latin America	4 00	9 32	9 56	9 50*
Africa	1 00	2 11	2 28	2 45*
Near East	0 30	0 48	0 54	0 55*
Far East[2]	18 60	17 48	21 95	22 10*
Oceania	2 50	4 40	4 37	4 45*
World total	184 68	246 47	254 58	265 05
Plywood *Thousand cu. m*				
Europe	1 093	1 675	1 510	1 610
Finland	(244)	(314)	(233)	(244)
Germany (Western)[3]	(443)	(460)	(419)	(484)
Italy	(70)	(140)	(140)	(140)
Sweden	(31)	(57)	(50)	(55)*
Eastern Europe	(270)	(315)	(320)	(325)
U.S.S.R.	885	810	820*	830*
United States	575	3 390	3 540	4 200
Canada	46	244	251	461
Japan	200	233	298	400
Other regions	50*	340	240	360*
World total	2 850	6 790	6 870	7 860*
Fibreboard *Thousand metric tons*				
Europe	168	900	750	840
Finland	(23)	(117)	(84)	(104)
Germany (Western)[3]	(8)	(106)	(80)	(65)
Italy	(2)	(37)	(37)	(37)
Sweden	(93)	(324)	(227)	(270)
Eastern Europe	(—)	(65)*	(73)	(85)*
U.S.S.R.	3	130*	150	160*
United States	600	1 152	1 185	1 350
Canada	42	170	157	217
Japan	—	15	13	20*
Other regions	—	100	110	130*
World total	780	2 470	2 365	2 720

Country or Region	1938	1951	1952	1953
Wood Pulp *Thousand metric tons*				
Western Europe	10614	9430	8520	9080
Finland, Norway Sweden	(6071)	(6647)	(5961)	([illegible])
Eastern Europe		1250*	1300*	1350*
U.S.S.R.	1163	1800	2000*	2100*
United States	6384	14964	14900	15929
Canada	3254	8152	7970	8150
Latin America	25	310	340	400*
Asia	930	1080	1240	1500
Oceania	—	164	210	250
World total	21370*	37140	36480	38760
Newsprint *Thousand metric tons*				
Europe	2801	2650	2680	2840
Finland, Norway Sweden	(819)	(910)	(926)	(950)
United Kingdom	(813)	(635)	(546)	(605)
Eastern Europe		(315)	(330)*	(350)*
Canada	2625	5045	5161	5200
United States	755	1006	1040	980
Latin America		50	50	60
Asia[5]	100*	220	340	470
Oceania		30	35	50*
U.S.S.R.	227	400*	440*	480*
World total	6510*	9400*	9700	10080
Other Paper and Board *Thousand metric tons*				
Europe	8292	11900	10650	11890
Finland, Norway Sweden	(1017)	(1738)	(1480)	(1700)
France		(1239)	(934)	(1100)
Germany (Western)	*(570)	(1643)	(1523)	(1767)
United Kingdom	(2068)	(2188)	(1799)	(2070)
Eastern Europe	(1837)	(1360)*	(1410)*	(1480)*
Canada	484	1341	1202	1240
United States	9568	21339	19835	21740
Latin America		735	710	780
Africa		100	105	110
Asia[6]		1330	1415	1740*
Oceania		220	180	220*
U.S.S.R.	844	1400*	1560*	1650*
World total	20800	38360	35720	39470*

* Estimates
Incl. estimates for countries in Eastern Europe
Excl. China mainland
Incl. Eastern Germany in 1938
Planned figure for 1950
Incl. estimates for China 50 in 1951 60 in 1952 and 70 in 1953
Incl. estimates for China 170 in 1951 130 in 1952 and 1 400 in 1953.

Table V. World Trade in Forest Products

Sawn Wood

Country or Region	Export 1938	Export 1951	Export 1952	Export 1953
	Million cu. m			
Europe[1]	12 00	13 88	10 48	13 16
U.S.S.R.[2]	4 80	0 64	0 60	1 04
North America	6 50	11 02	9 90	9 86
Other regions[3]	0 70	2 43	2 53	2 98
World total	24 00	27 07	23 51	27 04

Country or Region	Import 1938	Import 1951	Import 1952	Import 1953
	Million cu. m			
Europe[1]	18 00	15 36	12 23	14 83
North America	1 50	6 20	6 27	6 8[illegible]
Near East	0 90	1 12	0 86	1 07
Other regions[3]	3 60	4 71	3 90	4 35
World total	24 00*	27 48	23 15	27 10

Plywood

Country or Region	Export 1938	Export 1951	Export 1952	Export 1953
	Thousand cu. m.			
Europe	386	400	278	272
Finland	(207)	(278)	(221)	(216)
U.S.S.R.	234	79	63	34
Other regions	20	148	144	165*
World total	640	627	485	491

Country or Region	Import 1938	Import 1951	Import 1952	Import 1953
	Thousand cu. m.			
Europe	470	454	255	294
United Kingdom	(272)	(304)	(255)	(147)
North America	20	47	58	70*
Other regions	140*	90	70	60*
World total	640	591	483	424

Fibreboard

Country or Region	Export 1938	Export 1951	Export 1952	Export 1953
	Thousand metric tons			
Europe	22	340	203	235
Sweden	(22)	(183)	(105)	(127)
North America	33	43	40	40
Other regions	—	2	4	5
World total	55	385	247	280

Country or Region	Import 1938	Import 1951	Import 1952	Import 1953
	Thousand metric tons			
Europe	35	210	130	160
United Kingdom	(27)	(131)	(54)	(67)
North America	20	32	35	37
Other regions		120*	65*	70*
World total	55	362	230	267

Wood Pulp

Country or Region	Export 1938	Export 1951	Export 1952	Export 1953
	Thousand metric tons			
Europe	4 083	3 950	3 190	3 990
Finland, Norway, Sweden	(3 738)	(3 763)	(3 029)	(3 784)
Canada	500	2 021	1 751	1 763
World Total	4 700	6 180	5 120	5 900

Country or Region	Import 1938	Import 1951	Import 1952	Import 1953
	Thousand metric tons			
Europe	3 008	3 236	2 708	3 190
United States	1 550	2 145	1 755	1 960
Latin America		229	280	330*
World total	4 700	5 880	4 940	5 750*

Newsprint

Country or Region	Export 1938	Export 1951	Export 1952	Export 1953
	Thousand metric tons			
Canada	2 400	4 638	4 833	4 876
Europe	851	920	910	990
Finland, Norway, Sweden	(671)	(719)	(733)	(741)
United Kingdom	(57)	(97)	(76)	(127)
World total	3 300*	5 650	5 850	5 960

Country or Region	Import 1938	Import 1951	Import 1952	Import 1953
	Thousand metric tons			
United States	2 450	4 500	4 560	4 580
Europe	450	380	530	545
Latin America		250	270	280*
Other regions		370	420	430*
World total	3 300*	5 510	5 800	5 835

Paper and Board

Country or Region	Export 1938	Export 1951	Export 1952	Export 1953
	Thousand metric tons			
Europe	1 080	1 900	1 300	1 700
Finland, Norway, Sweden	(585)	(1 057)	(725)	(1 037)
North America	200	533	487	385
World total	1 350*	2 430	1 790	2 100

Country or Region	Import 1938	Import 1951	Import 1952	Import 1953
	Thousand metric tons			
Europe	696	1 210	760	1 000
United Kingdom	(386)	(663)	(319)	(374)
North America	200*	196	164	240
Other regions		754	886	890*
World total	1 350*	2 160	1 810	2 130

* Estimates.
[1] Postwar data for Eastern Europe are only for trade with Western Europe.
[2] Postwar data are only for export to Western Europe.